NO RETREAT FROM TOMORROW

President Lyndon B. Johnson's 1967 Messages to the 90th Congress

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NO RETREAT FROM TOMORROW

Lyndon Baines Johnson

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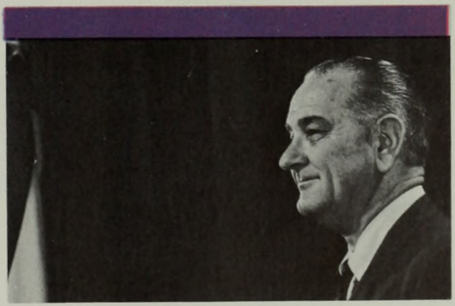
NO RETREAT FROM TOMORROW



President Lyndon B. Johnson's
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Distributed to the book trade by Doubleday & Company, Inc., Garden City, New York

353.03
Un315n

Library of Congress Catalog Card Number 68-23394
Manufactured in the United States of America
By McGregor & Werner, Inc., Washington, D. C.

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THE BURDENS AND THE BLESSINGS

Message on the State of the Union, January 10, 1967

Mr. Speaker, Mr. Vice President, Distinguished Members of the Congress:

I share with all of you the grief that you feel at the death today of one of the most beloved, respected and effective Members of this body, the distinguished Representative from Rhode Island, Mr. Fogarty.

I have come here tonight to report to you that this is a time of testing for our Nation.

At home, the question is whether we will continue working for better opportunities for all Americans, when most Americans are already living better than any people in history.

Abroad, the question is whether we have the staying power to fight a very costly war, when the objective is limited and the danger to us is seemingly remote.

So our test is not whether we shrink from our country's cause when the dangers to us are obvious and close at hand, but, rather, whether we carry on when they seem obscure and distant—and some think it is safe to lay down our burdens.

BUILD A BETTER AMERICA

I have come tonight to ask this Congress and this Nation to resolve that issue: to meet our commitments at home and abroad—to continue to build a better America—and to reaffirm this Nation's allegiance to freedom.

As President Abraham Lincoln said, "We must ask where we are, and whither are we tending."

The last three years bear witness to our determination to make this a better country.

We have struck down legal barriers to equality.

We have improved the education of 7 million deprived children and this year alone we have enabled almost one million students to go to college.

We have brought medical care to older people who were unable to afford it. Three and one-half million Americans have already received treatment under Medicare since July.

We have built a strong economy that has put almost 3 million more Americans on the payrolls in the last year alone.

We have included more than 9 million new workers under a higher minimum wage.

We have launched new training programs to provide job skills for almost one million Americans.

We have helped more than a thousand local communities to attack poverty in the neighborhoods of the poor.

We have set out to rebuild our cities on a scale that has never been attempted before.

We have begun to rescue our waters from the menace of pollution and to restore the beauty of our land, our countryside, our cities and our towns.

We have given one million young Americans a chance to earn through the Neighborhood Youth Corps—or through Head Start, a chance to learn.

CREATING A BETTER LIFE

Together, we have tried to meet the needs of our people. And, we have succeeded in creating a better life for the many as well as the few. Now we must answer whether our gains shall be the foundations of further progress, or whether they shall be only monuments to what might have been—abandoned now by a people who lacked the will to see their great work through.

I believe our people do not want to quit—though the task is great, the work hard, often frustrating, and success is a matter not of days or months, but of years—and sometimes it may be even decades.

I have come here tonight to discuss with you five ways of carrying forward the progress of these last three years. These five ways concern programs, partnerships, priorities, prosperity and peace.

FIRST, PROGRAMS

First, programs. We must see to it, I think, that these new programs that we have passed work effectively and are administered in the best possible way.

Three years ago we set out to create these new instruments of social progress. This required trial and error—and it has produced both. But as we learn, through success and failure, we are changing our strategy and we are trying to improve our tactics. In the long run, these starts—some rewarding, others inadequate and disappointing—are crucial to success.

One example is the struggle to make life better for the less fortunate among us.

On a similar occasion, at this rostrum in 1949, I heard a great American President, Harry S. Truman, declare this: "The American people have decided that poverty is just as wasteful and just as unnecessary as preventable disease."

Many listened to President Truman that day here in this chamber, but few understood what was required and did anything about it. The Executive Branch and the Congress waited 15 long years before ever taking any action on that challenge, as it did on many other challenges that great President presented. When, three years ago, you here in the Congress joined with me in a declaration of war on poverty, then I warned: "It will not be a short or easy struggle—no single weapon will suffice—but we shall not rest until that war is won."

RENEWAL OF A PLEDGE

I have come here to renew that pledge tonight.

I recommend that we intensify our effort to give the poor a chance to enjoy and to join in this Nation's progress.

I shall propose certain administrative changes suggested by the Congress—as well as some that we have learned from our own trial and errors.

I shall urge special methods and special funds to reach the hundreds of thousands of Americans that are now trapped in the ghettos of our big cities—and, through Head Start, to try to reach out to our very young children. The chance to learn is their brightest hope and must command our full determination. For learning brings skills; and skills bring jobs; and jobs bring responsibility and dignity, as well as taxes.

This war—like the war in Vietnam—is not a simple one. There is not a single battle line which you can plot each day on a chart. The enemy is not easy to perceive, to isolate, to destroy. There are mistakes and there are setbacks. But we are moving, and our direction is forward.

This is true with other programs that are making and breaking new ground. Some do not yet have the capacity to absorb well or wisely all the money that could be put into them. Administrative skills and trained manpower are just as vital to their success as dollars. I believe those skills will come. But it will take time and patience and hard work. Success cannot be forced at a single stroke. We must continue to strengthen the administration of every program if that success is to come—as we know it must.

PROGRESS IN TWO YEARS

We have done much in the space of two short years, working together.

I have recommended, and you, the Congress, have approved, 10 different reorganization plans, combining and consolidating many bureaus of this Government, and creating two entirely new Cabinet departments.

I have come tonight to propose that we establish a new department—a Department of Business and Labor.

By combining the Department of Commerce with the Department of Labor and other related agencies, I think we can create a more economical, efficient and streamlined instrument that will better serve a growing Nation.

This is our goal throughout the entire Federal Government. Every program will be thoroughly evaluated. Grant-in-aid programs will be improved and simplified as desired by many of our local administrators and Governors.

Where there have been mistakes, we will try very hard to correct them.

Where there has been progress, we will try to build upon it.

SECOND, PARTNERSHIP

Our second objective is partnership—to create an effective partnership at all levels of government. I should treasure nothing more than to have that partnership begin between the Executive and the Congress.

The 88th and the 89th Congresses passed more social and economic legislation than any two Congresses in American history. Most of you who were Members of those Congresses voted to

pass most of those measures. But your efforts will come to nothing unless it reaches the people.

Federal energy is essential. But it is not enough. Only a total working partnership among Federal, State and local governments can succeed. The test of that partnership will be the concern of each public organization, each private institution, and each responsible citizen.

Each State, county, and city needs to examine its capacity for government in today's world, as we are examining ours in the Executive Department, and as I see you are examining yours. Some will need to reorganize and reshape their methods of administration—as we are doing. Others will need to revise their constitutions and their laws to bring them up to date—as we are doing. Above all, I think we must work together and find ways in which the multitudes of small jurisdictions can be brought together more efficiently.

During the past three years we have returned to State and local governments about $40 billion in grants-in-aid. This year alone, 70 percent of our Federal expenditures for domestic programs will be distributed through the State and local governments. With Federal assistance, State and local governments by 1970 will be spending close to $110 billion annually. These enormous sums must be used wisely, honestly, and effectively.

We intend to work closely with the States and localities to do exactly that.

THIRD, PRIORITIES

Our third objective is priorities, to move ahead on the priorities that we have established within the resources that are available.

I wish, of course, that we could do all that should be done—and that we could do it now. But the Nation has many commitments and responsibilities which make heavy demands upon our total resources. No administration would more eagerly utilize for these programs all the resources they require than the administration that started them.

Let us resolve, now, to do all that we can, with what we have—knowing that it is far, far more than we have ever done before, and far, far less than our problems will ultimately require.

CREATE NEW OPPORTUNITIES

Let us create new opportunities for our children and our young Americans who need special help.

We should strengthen the Head Start Program, begin it for children three years old, and maintain its educational momentum by following through in the early years.

We should try new methods of child development and care from the earliest years, before it is too late to correct.

I will propose these measures to the 90th Congress.

ASSIST OLDER AMERICANS

Let us insure that older Americans, and neglected Americans, share in their Nation's progress.

We should raise Social Security payments by an overall average of 20 percent. That will add $4 billion 100 million to social security payments in the first year. I will recommend that each of the 23 million Americans now receiving payments get an increase of at least 15 percent.

I will ask that you raise the minimum payments by 59 percent—from $44 to $70 a month, and to guarantee a minimum benefit of $100 a month for those with a total of 25 years of coverage.

We must raise the limits that retired workers can earn without losing social security income.

We must eliminate by law unjust discrimination in employment because of age.

We should embark upon a major effort to provide self-help assistance to the forgotten in our midst—the American Indians and the migratory farm workers. And we should reach with the hand of understanding to help those who live in rural poverty.

I will propose these measures to the 90th Congress.

THE QUALITY OF LIFE

Let us keep on improving the quality of life and enlarging the meaning of justice for all of our fellow Americans.

We should transform our decaying slums into places of decency through the landmark Model Cities Program. I intend to seek for this effort, this year, the full amount that you in Congress authorized last year.

We should call upon the genius of private industry and the most advanced technology to help rebuild our great cities.

We should vastly expand the fight for clean air with a total attack on pollution at its source, and—because air, like water, does not respect man-made boundaries—we should set up "Regional Airsheds" throughout this great land.

We should continue to carry to every corner of the Nation our campaign for a beautiful America—to clean up our towns, to make them more beautiful, our cities, our countryside, by creating more parks, more seashores, and more open spaces for our children to play in, and for the generations that come after us to enjoy.

We should continue to seek equality and justice for each citizen—before a jury, in seeking a job, in exercising his civil rights. We should find a solution to fair housing, so every American, regardless of color, has a decent home of his choice.

We should modernize our Selective Service System. The National Commission on Selective Service will shortly submit its report. I will send you new recommendations to meet our military manpower needs. But let us resolve that this is to be the Congress that made our draft laws as fair and as effective as possible.

We should protect what Justice Brandeis called the "right most valued by civilized men"—the right to privacy. We should outlaw all wiretapping—public and private—wherever and whenever it occurs, except when the security of this Nation itself is at stake—and only then with the strictest governmental safeguards. We should exercise the full reach of our constitutional powers to outlaw electronic "bugging" and "snooping".

I hope this Congress will try to help me do more for the consumer. We should demand that the cost of credit be clearly and honestly expressed where average citizens can understand it. We should immediately take steps to prevent massive power failures, to safeguard the home against hazardous household products, and to assure safety in the pipelines that carry natural gas across our Nation.

We should extend Medicare benefits that are now denied to 1,300,000 permanently and totally disabled Americans under 65 years of age.

We should improve the process of democracy by passing our election reform and financing proposals, by tightening our laws regulating lobbying, and

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by restoring a reasonable franchise to Americans who move their residences.

We should develop educational television into a vital public resource to enrich our homes, educate our families and to provide assistance in our classrooms. We should insist that the public interest be fully served through the public's airwaves.

I will propose these measures to the 90th Congress.

THE WAR AGAINST CRIME

Now we come to a question that weighs very heavily on all our minds—on yours and mine. This Nation must make an all-out effort to combat crime.

The 89th Congress gave us a new start in the attack on crime by passing the Law Enforcement Assistance Act that I recommended. We appointed the National Crime Commission to study crime in America and to recommend the best ways to carry that attack forward.

While we do not have all the answers, on the basis of its preliminary recommendations we are ready to move.

This is not a war that Washington alone can win. The idea of a National Police Force is repugnant to the American people. Crime must be rooted out in local communities by local authorities. Our policemen must be better trained, must be better paid, must be better supported by the local citizens that they try to serve and protect.

The national government can and expects to help.

SAFE STREETS AND CRIME CONTROL ACT

I will recommend to the 90th Congress the Safe Streets and Crime Control Act of 1967. It will enable us to assist those States and cities that try to make their streets and homes safer, their police forces better, their corrections systems more effective, and their courts more efficient.

When the Congress approves, the Federal Government will be able to provide a substantial percentage of the cost:

- 90 percent of the cost of developing the State and local plans, master plans, to combat crime in their area;
- 60 percent of the cost of training new tactical units, developing instant communications and special alarm systems, and introducing the latest equipment and techniques so that they can become weapons in the war on crime;
- 50 percent of the cost of building crime laboratories and police academy-type centers so that our citizens can be protected by the best trained and served by the best-equipped police to be found anywhere.

We will also recommend new methods to prevent juvenile delinquents from becoming adult delinquents. We will seek new partnerships with States and cities in order to deal with the hideous narcotics problem. We will recommend strict controls on the sale of firearms.

At the heart of this attack on crime must be the conviction that a free America—as Abraham Lincoln once said—must "let reverence for the laws . . . become the political religion of the Nation."

Our country's laws must be respected. Order must be maintained. I will support—with all the constitutional powers the President possesses—our Nation's law enforcement officials in their attempt to control the crime and violence that tear the fabric of our communities.

Many of these priority proposals will be built on foundations that have already been laid. Some will necessarily be small at first, but "every beginning is a consequence." If we postpone this urgent work now, it will simply have to be done later, and later we will pay a much higher price.

FOURTH, PROSPERITY

Our fourth objective is prosperity, to keep our economy moving ahead, moving ahead steadily and safely.

We have now enjoyed six years of unprecedented and rewarding prosperity.

Last year, in 1966:

- Wages were the highest in history—and the unemployment rate, announced yesterday, reached the lowest point in 13 years;
- Total after-tax income of American families rose nearly 5 percent;
- Corporate profits after taxes rose a little more than 5 percent;
- Our gross national product advanced 5.5 percent, to about $740 billion;
- Income per farm went up 6 percent.

We have been greatly concerned because consumer prices rose 4.5 percent over the 18 months since we decided to send troops to Vietnam. This was more than we had expected—and the Government tried to do everything that we knew how to do to hold it down. Yet we were not as successful as we wished to be. In the 18 months after we entered World War II, prices rose not 4.5 percent, but 13.5 percent. In the first 18 months after Korea, after the conflict broke out there, prices rose not 4.5 percent, but 11 percent. During those two periods we had OPA price control that the Congress gave us and War Labor Board wage controls.

Since Vietnam we have not asked for those controls and we have tried to avoid imposing them. We believe we have done better, but we make no pretense of having been successful or doing as well as we wished.

Our greatest disappointment in the economy during 1966 was the excessive rise in interest rates and a tightening of credit. They imposed very severe and very unfair burdens on our home buyers and on our home builders, and all those associated with the home industry.

Last January, and again last September, I recommended fiscal and moderate tax measures to try to restrain the unbalanced pace of economic expansion. Legislatively and administratively we took several billions out of the economy. With these measures, in both instances, the Congress approved most of the recommendations rather promptly.

As 1966 ended, price stability was seemingly being restored. Wholesale prices are lower tonight than they were in August. So are retail food prices. Monetary conditions are also easing. Most interest rates have retreated from their earlier peaks. More money now seems to be available.

Given the cooperation of the Federal Reserve System, which I so earnestly seek, I am confident that this movement can continue. I pledge the American people that I will do everything in a President's power to lower interest rates and ease money in this country. The Federal Home Loan Bank Board tomorrow morning will announce that it will make immediately available to savings and loan associations an additional $1 billion, and will lower from 6 percent to 5$^{3}/_{4}$ percent the interest rate charged on those loans.

SOUND FISCAL POLICY

We shall continue on a sensible course of fiscal and budgetary policy that we believe will keep our economy growing without new inflationary spirals; that will finance responsibly the needs of our men in Vietnam and the progress of our people at home; that will support a significant improvement in our export surplus, and will press forward toward easier credit and toward lower interest rates.

I recommend to the Congress a surcharge of 6 percent on both corporate and individual income taxes—to last for two years or for so long as the unusual expenditures associated with our efforts in Vietnam continue. I will promptly recommend an earlier termination date if a reduction in these expenditures permits it. This surcharge will raise revenues by some $4.5 billion in the first year. For example, a person whose tax payments, the tax he owes, is $1,000, will pay, under this proposal, an extra $60 over the 12-month period, or $5 a month. The overwhelming majority of Americans who pay taxes today are below that figure and they will pay substantially less than $5 a month. Married couples with two children, with incomes up to $5,000 per year, will be exempt from this tax—as will single people with an income up to $1,900 a year.

If Americans today still paid the income and excise tax rates in effect when I came into the Presidency, in the year 1964, their annual taxes would have been over $20 billion more than at present tax rates. This proposal is that while we have this problem and this emergency in Vietnam, while we are trying to meet the needs of our people at home, your Government asks for slightly more than one-fourth of that tax cut each year in order to try to hold our budget deficit in fiscal 1968 within prudent limits and to give our country and our fighting men the help they need in this hour of trial.

For fiscal 1967, we estimate the budget expenditures to be $126.7 billion and revenues of $117 billion. That will leave us a deficit this year of $9.7 billion.

For fiscal 1968, we estimate budget expenditures of $135 billion. With the tax measures recommended, and a continuing strong economy, we estimate revenues will be $126.9 billion. The deficit then will be $8.1 billion.

I will very soon forward all of my recommendations to the Congress. Yours is the responsibility to discuss and to debate them—to approve or modify, or reject them.

I welcome your views, as I have welcomed working with you for 30 years as a colleague and as Vice President and President.

LET THERE BE LIGHT AND REASON

I should like to say to the Members of the opposition—whose numbers, if I am not mistaken, seem to have increased somewhat—that the genius of the American political system has always been best expressed through creative debate that offers choices and reasonable alternatives. Throughout our history, great Republicans and Democrats have seemed to understand this. So let there be light and reason in our relations. That is the way to a responsible session and a responsive government.

Let us be remembered as a President and a Congress who tried to improve the quality of life for every American—not just the rich, not just the poor, but every man, woman and child in this great Nation of ours.

We all go to school—to good schools or bad schools. We all take air into our lungs—clean air or polluted air. We all drink water—pure water or polluted water. We all face sickness some day, and some more often than we wish, and old age as well. We all have a stake in this Great Society—in its economic growth, in reduction of civil strife, and a great stake in good government.

We must not arrest the pace of progress we have established in this country in these years. Our children's children will pay the price if we are not wise enough, courageous enough, and determined enough to stand up and meet the Nation's needs as well as we can in the time allotted us.

Abroad, as at home, there is also risk in change. But abroad, as at home, there is greater risk in standing still. No part of our foreign policy is so sacred that it ever remains beyond review. We shall be flexible where conditions in the world change—and where man's efforts can change them for the better.

A GREAT TRANSITION

We are in the midst of a great transition—a transition from narrow nationalism to international partnership; from the harsh spirit of the cold war to the hopeful spirit of common humanity on a troubled and threatened planet.

LATIN AMERICA

In *Latin America,* the American chiefs of state will be meeting very shortly to give our Hemispheric policies new direction.

We have come a long way in this Hemisphere since the Inter-American effort in economic and social development was launched at Bogota in 1960 under the leadership of President Eisenhower. The Alliance for Progress moved dramatically forward under President Kennedy. There is new confidence that the voice of the people is being heard, that the dignity of the individual is stronger than ever in this Hemisphere, and we are facing up to and meeting many of the Hemisphere problems together. In this Hemisphere that reform under democracy can be made to happen—because it has happened. Together, I think, we must now move to strike down the barriers to full cooperation among the American nations, and to free the energies and resources of two great continents on behalf of all of our citizens.

AFRICA

Africa stands at an earlier stage of development than Latin America. It has yet to develop the transportation, communications, agriculture, and, above all, the trained men and women without which growth is impossible. There, too, the job will best be done if the nations and peoples of Africa cooperate on a regional basis. More and more our programs for Africa are going to be directed towards self-help.

The future of Africa is shadowed by unsolved racial conflicts. Our policy will continue to reflect our basic commitments as a people to support those who are prepared to work towards cooperation and harmony between races, and to help those who demand change but reject fool's gold of violence.

THE MIDDLE EAST

In the *Middle East,* the spirit of goodwill toward all unfortunately has not yet taken hold. An already tortured peace seems to be constantly threatened. We shall try to use our influence to increase the possibilities of improved relations among the nations of that region. We are working hard at that task.

SOUTH ASIA

In the great subcontinent of *South Asia* live more than a sixth of the earth's population. Over the years we—and others—have invested very heavily in capital and food for the economic development of India and Pakistan.

We are not prepared to see our

PERSONAL DIPLOMACY

A visit with President Houphouet-Boigny of the Republic of Ivory Coast

. . . with Prime Minister Harold Holt of Australia

. . . with President Leopold Senghor of the Republic of Senegal

. . . with His Imperial Majesty Haile Selassie I, Emperor of Ethiopia.

. . . with Chancellor Kiesinger and Vice-Chancellor Brandt of the Federal Republic of Germany

assistance wasted, however, in conflict. It must strengthen their capacity to help themselves. It must help these two nations—both our friends—to overcome poverty, to emerge as self-reliant leaders, and find terms for reconciliation and cooperation.

WESTERN EUROPE

In *Western Europe* we shall maintain in NATO an integrated common defense. But we also look forward to the time when greater security can be achieved through measures of arms control and disarmament, and through other forms of practical agreement.

EASTERN EUROPE AND SOVIET UNION

We are shaping a new future of enlarged partnership in nuclear affairs, in economic and technical cooperation, in trade negotiations, in political consultation, and in working together with the governments and peoples of *Eastern Europe* and the *Soviet Union*.

The emerging spirit of confidence is precisely what we hoped to achieve when we went to work a generation ago to put our shoulder to the wheel and try to help rebuild Europe. We faced new challenges and opportunities there—and we faced also some dangers. But I believe that the peoples on both sides of the Atlantic, as well as both sides of this chamber, wanted to face them together.

Our relations with the Soviet Union and Eastern Europe are also in transition. We have avoided both the acts and the rhetoric of the cold war. When we have differed with the Soviet Union, or other nations, for that matter, I have tried to differ quietly and with courtesy, and without venom.

TO END THE COLD WAR

Our objective is not to continue the cold war, but to end it.

We have:

- reached an agreement at the United Nations on the peaceful uses of outer space;
- agreed to open direct air flights with the Soviet Union;
- removed more than 400 non-strategic items from export control;
- determined that the Export-Import Bank can allow commercial credits to Poland, Hungary, Bulgaria, and Czechoslovakia, as well as Rumania and Yugoslavia;
- entered into a cultural agreement with the Soviet Union for another two years;

. . . with Chairman Kosygin of the Union of Soviet Socialist Republics

. . . with Prime Minister Wilson of Great Britain

- agreed with Bulgaria and Hungary to upgrade our legations to embassies; and
- started discussions with international agencies on ways of increasing contacts with Eastern European countries.

This Administration has taken these steps even as duty compelled us to fulfill and execute alliances and treaty obligations throughout the world that were entered into before I became President.

Tonight I now ask and urge this Congress to help our foreign and commercial trade policies by passing an East-West trade bill and by approving our consular convention with the Soviet Union.

The Soviet Union has in the past year increased its long-range missile capabilities. It has begun to place near Moscow a limited anti-missile defense. My first responsibility to our people is to assure that no nation can ever find it rational to launch a nuclear attack or to use its nuclear power as a credible threat against us or against our allies.

I would emphasize that that is why an important link between Russia and the United States is in our common interest, in arms control and in disarmament. We have the solemn duty to slow down the arms race between us, if that is at all possible, in both conventional and nuclear weapons and defenses. I thought we were making some progress in that direction the first few months I was in office. I realize that any additional race would impose on our peoples, and on all mankind, for that matter, an additional waste of resources with no gain in security to either side.

I expect in the days ahead to closely consult and seek the advice of the Congress about the possibilities of international agreements bearing directly upon this problem.

THE RACE AGAINST HUNGER

Next to the pursuit of peace, the really greatest challenge to the human family is the race between food supply and population increase. That race tonight is being lost.

The time for rhetoric has clearly passed. The time for concerted action is here and we must get on with the job.

We believe three principles must prevail if our policy is to succeed:

First, the developing nations must give highest priority to food production, including the use of technology and the capital of private enterprise.

Second, nations with food deficits must put more of their resources into voluntary family planning programs.

Third, the developed nations must all assist other nations to avoid starvation in the short run and to move rapidly towards the ability to feed themselves.

Every member of the world community now bears a direct responsibility to help bring our most basic human account into balance.

SOUTHEAST ASIA

I come now finally to *Southeast Asia*—and to Vietnam in particular. Soon I will submit to the Congress a detailed report on that situation. Tonight I want to just review the essential points as briefly as I can.

We are in Vietnam because the United States of America and our allies are committed by the SEATO Treaty to "act to meet the common danger" of aggression in Southeast Asia.

We are in Vietnam because an international agreement signed by the United States, North Vietnam and others in 1962 is being systematically violated by the Communists. That violation threatens the independence of all the small nations in Southeast Asia, and threatens the peace of the entire region and perhaps the world.

We are there because the people of South Vietnam have as much right to remain non-Communist—if that is what they choose—as North Vietnam has to remain Communist.

We are there because the Congress has pledged by solemn vote to take all necessary measures to prevent further aggression.

"TO WARD OFF A GREATER EVIL"

No better words could describe our present course than those once spoken by the great Thomas Jefferson:

> "It is the melancholy law of human societies to be compelled sometimes to choose a great evil in order to ward off a greater."

We have chosen to fight a limited war in Vietnam in an attempt to prevent a larger war—a war almost certain to follow, if the Communists succeed in overrunning and taking over South Vietnam by aggression and by force. I believe, and I am supported by some authority, that if they are not checked now the world can expect to pay a greater price to check them later.

That is what our statesmen said when they debated this treaty, and that is why it was ratified 82 to 1 by the Senate many years ago.

You will remember that we stood in Western Europe 20 years ago. Is there anyone in this chamber tonight who doubts that the course of freedom was not changed for the better because of the courage of that stand?

Sixteen years ago we and others stopped another kind of aggression—this time it was in Korea. Imagine how different Asia might be today if we had failed to act when the Communist army of North Korea marched south. The Asia of tomorrow will be far different because we have said in Vietnam, as we said 16 years ago in Korea: "This far and no further."

I think I reveal no secret when I tell you we are dealing with a stubborn adversary who is committed to the use of force and terror to settle political questions.

THE END IS NOT YET

I wish I could report to you that the conflict is almost over. This I cannot do. We face more cost, more loss, and more agony. For the end is not yet. I cannot promise that it will come this year—or come next year. Our adversary still believes, I think, tonight, that he can go on fighting longer than we can, and longer than we and our allies will be prepared to stand up and resist.

Our men in that area—there are nearly 500,000 now—have borne well "the burden and the heat of the day." Their efforts have deprived the Communist enemy of the victory that he sought and that he expected a year ago. We have steadily frustrated his main forces. General Westmoreland reports that the enemy can no longer succeed on the battlefield.

PRESSURE AND PATIENCE

I must say to you that our pressure must be sustained—and will be sustained—until he realizes that the war he started is costing him more than he can ever gain.

I know of no strategy more likely to attain that end than the strategy of "accumulating slowly, but inexorably, every kind of material resource"—of "laboriously teaching troops the very elements of their trade." That, and patience—and I mean a great deal of patience.

Our South Vietnamese allies are also being tested tonight. They must provide real security to the people living in the countryside. This means reducing the terrorism and armed attacks which kidnapped and killed 26,900 civilians in the last 32 months, to the levels where they can be successfully controlled by the regular South Vietnamese security forces. It means bringing to the villagers an effective civilian government that they can respect and rely upon, that they can participate in, and that they can have a personal stake in. We hope that government is now beginning to emerge.

While I cannot report the desired progress in the pacification effort, the very distinguished and able Ambassador, Henry Cabot Lodge, reports that South Vietnam is turning to this task with a new sense of urgency. We can help, but only they can win this part of the war. Their task is to build and protect a new life in each rural province.

One result of our stand in Vietnam is clear.

THE DOOR WILL NOT SHUT

It is this: the peoples of Asia now know that the door to independence is not going to be slammed shut. They know that it is possible for them to choose their own national destinies—without coercion.

The performance of our men in Vietnam—backed by the American people—has created a feeling of confidence and unity among the independent nations of Asia and the Pacific. I saw it in their faces in the 19 days that I spent in their homes and in their countries. Fear of external Communist conquest in many Asian nations is already subsiding—and with this, the spirit of hope is rising. For the first time in history, a common outlook and common institutions are already emerging.

OUR COMMITMENT

This forward movement is rooted in the ambitions and interests of the Asian nations themselves. It was precisely this movement that we hoped to accelerate when I spoke at Johns Hopkins in Baltimore in April 1965, and I pledged "a much more massive effort to improve the life of man" in that part of the world, in the hope that we could take some of the funds that we were spending on bullets and bombs and spend it on schools and production.

Twenty months later our efforts have produced a new reality: the doors of the billion dollar Asian Development Bank that I recommend to the Congress, and which you endorsed almost unanimously, I am proud to tell you are open. Asians are engaged tonight in regional efforts in a dozen new directions. Their hopes are high. Their faith is strong. Their confidence is deep.

Even as the war continues, we shall play our part in carrying forward this constructive historic development. As recommended by the Eugene Black mission, and if other nations will join us, I will seek a special authorization from the Congress of $200 million for East Asian regional programs.

RESOURCES FOR PEACE

We are eager to turn our resources to peace. Our efforts in behalf of humanity I think need not be restricted by any parallel or any boundary line. The moment peace comes, as I pledged in Baltimore, I will ask the Congress for funds to join in an international program of reconstruction and development for all the people of Vietnam—and their deserving neighbors who wish our help.

We shall continue to hope for a reconciliation between the people of Mainland China and the world community—including working together in all the tasks of arms control, security, and progress on which the fate of the Chinese people, like their fellow men elsewhere, depends.

We would be the first to welcome a China which decided to respect her neighbors' rights. We would be the first to applaud her were she to apply her great energies and intelligence to improving the welfare of her people. And we have no intention of trying to deny her legitimate needs for security and friendly relations with her neighboring countries.

PEACE WITH HONOR

Our hope that all of this will someday happen rests on the conviction that we, the American people and our allies, will see and are going to see Vietnam through to an honorable peace.

We will support all appropriate initiatives by the United Nations, and others, which can bring the several parties together for unconditional discussions of peace—anywhere, any time. And we will continue to take every possible initiative ourselves to constantly probe for peace.

Until such efforts succeed, or until the infiltration ceases and until the conflict subsides, I think the course of wisdom for this country is that we must firmly pursue our present course. We will stand firm in Vietnam.

I think you know that our fighting men there tonight bear the heaviest burden of all. With their lives they serve their Nation. We must give them nothing less than our full support—and we have given them that—nothing less than the determination that Americans have always given their fighting men. Whatever our sacrifice here, even if it is more than $5 a month, it is small compared to their own.

A TIME OF TESTING

How long it will take I cannot prophesy. I only know that the will of the American people, I think, is tonight being tested.

Whether we can fight a war of limited objectives over a period of time, and keep alive the hope of independence and stability for people other than ourselves; whether we can continue to act with restraint when the temptation to "get it over with" is inviting but dangerous; whether we can accept the necessity of choosing "a great evil in order to ward off a greater"; and whether we can do these without arousing the hatreds and passions that are ordinarily loosed in time of war—on all these questions so much turns.

The answers will determine not only where we are, but "whither we are tending."

A time of testing—yes. And a time of transition. The transition is sometimes slow; sometimes unpopular; almost always very painful; and often quite dangerous.

But we have lived with danger for a long time, and we shall live with it for a long time yet to come. We know that "Man is born unto trouble." We also know that this Nation was not forged, did not survive and grow and prosper without a great deal of sacrifice from a great many men.

For all the disorders we must deal with, and all the frustrations that concern us, all the anxieties that we are called upon to resolve, for all the issues that we must face with the agony that attends them, let us remember that "Those who expect to reap the blessings of freedom must, like men, undergo the fatigues of supporting it."

OUR BURDENS AND OUR BLESSINGS

But let us also count not only our burdens but our blessings—for they are many.

Let us give thanks to the One who governs us all.

Let us draw encouragement from the signs of hope—for they, too, are many.

Let us remember that we have been tested before and America has never been found wanting.

With your understanding, I would hope your confidence, and your support, we are going to persist—and we are going to succeed.

ENRICHING THE LATER YEARS

Message on Older Americans, January 23, 1967

To the Congress of the United States:

America is a young nation. But each year a larger proportion of our population joins the ranks of the senior citizens. Today, over nineteen million Americans are 65 or older—a number equal to the combined populations of twenty states. One out of every 10 citizens is in this age group—more than twice as many as a half century ago.

These figures represent a national triumph. The American born in 1900 could expect to reach his forty-seventh birthday. The American born today has a life expectancy of 70 years. Tomorrow, the miracles of man's knowledge will stretch the life span even farther.

These figures also represent a national challenge. One of the tests of a great civilization is the compassion and respect shown to its elders. Too many of our senior citizens have been left behind by the progress they worked most of their lives to create. Too often the wisdom and experience of our senior citizens is lost or ignored. Many who are able and willing to work suffer the bitter rebuff of arbitrary and unjust job discrimination.

In this busy and productive nation, the elderly are too frequently destined to lead empty, neglected lives:

- 5.3 million older Americans have yearly incomes below the poverty level.
- Only one out of five has a job, often at low wages.
- Over two million elderly citizens are on welfare.
- Nearly 40 percent of our single older citizens have total assets of less than $1,000.

Countless numbers dwell in city and rural slums, lonely and forgotten, isolated from the invigorating spirit of the American community. They suffer a disproportionate burden of bad housing, poor health facilities, inferior recreation and rehabilitation services.

THE FEDERAL ROLE

The historic Social Security Act of 1935, sponsored by that great President Franklin D. Roosevelt, first proclaimed a Federal role in the task of creating a life of dignity for the older American. By 1951, the number of our senior citizens who had earned and received social security benefits exceeded the number on public welfare. Today, more than 15 million Americans over 65 draw Social Security, while only two million remain on the welfare rolls.

We in the Executive Branch and you in the Congress have extended the Federal role in other ways:

- The last eight housing acts contain special public housing provisions for the elderly and special assistance for them when they rent, buy or modernize their own homes.
- The Hill-Burton hospital program seeks to expand and improve nursing homes and other long-term care facilities.
- Public Welfare provides programs to help restore older people to self-support and self-care.
- The Manpower Development and Training programs direct special efforts at the problems of the middle-aged and older American.
- The National Institutes of Health have established programs of research on aging.

In 1965, the Congress enacted and I signed into law two landmark measures for older Americans:

- *Medicare,* to ease the burden of hospital and doctor bills.
- *The Older Americans Act,* to develop community services to put more meaning into the lives of the senior citizens.

When he signed the 1935 Social Security Act, President Franklin Roosevelt said, "This law . . . represents a cornerstone in a structure which is being built but is by no means complete." President Truman in 1950 and President Kennedy in 1961 proposed and the Congress passed legislation to improve the social security system.

The time has come to build on the solid foundations provided by the work of Congress and the Executive Branch over the last three decades. Last summer, I declared a Bill of Rights for Older Americans—to fix as our nation's goal an adequate income, a decent home, and a meaningful retirement for each senior citizen.

Now we must take steps to move closer toward that goal.

Let us raise Social Security benefits to a level which will better meet today's needs.

Let us improve and extend the health care available to the elderly.

Let us attack the roots of unjust job discrimination.

Let us renew and expand our programs to help bring fulfillment and meaning to retirement years.

TOWARD AN ADEQUATE INCOME

Social Security benefits today are grossly inadequate.

Almost two and one-half million individuals receive benefits based on the minimum of $44 a month. The average monthly benefit is only $84.

Although Social Security benefits keep five and one-half million aged persons above the poverty line, more than five million still live in poverty.

A great nation cannot tolerate these conditions. I propose Social Security legislation which will bring the greatest improvement in living standards for the elderly since the Act was passed in 1935.

I recommend effective July 1, 1967:

1. A 20% overall increase in Social Security payments.

2. An increase of 59% for the 2.5 million people now receiving minimum benefits —to $70 for an individual and $105 for a married couple.

3. An increase of at least 15% for the remaining 20.5 million beneficiaries.

4. An increase to $150 in the monthly minimum benefit for a retired couple with 25 years of coverage—to $100 a month for an individual.

5. An increase in the special benefits paid to more than 900,000 persons 72 or over, who have made little or no Social Security contribution—from $35 to $50 monthly for an individual; from $52.50 to $75 for a couple.

6. Special benefits for an additional 200,000 persons 72 or over, who have never received benefits before.

During the first year, additional payments would total $4.1 billion—almost five times greater than the major increase enacted in 1950, almost six times greater than the increase of 1961. These proposals will take 1.4 million Americans out of poverty this year—a major step toward our goal that every elderly citizen have an adequate income and a meaningful retirement.

The time has also come to make other improvements in the Act.

The present Social Security system leaves 70,000 severely disabled widows under age 62 without protection.

The limits on the income that retired workers can earn and still receive benefits are so low that they discourage those who are able and willing to work from seeking jobs.

Some farm workers qualify for only minimum Social Security benefits. Others fail to qualify at all. As a result, many farm workers must go on the welfare rolls in their old age.

Federal employees in the civil service and foreign service retirement systems are now excluded from Social Security coverage. Those having less than five years service receive no benefits if they die, become disabled or leave Federal employment. Those who leave after longer service lose survivor and disability protection.

I propose legislation to eliminate these inequities and close these loopholes.

I recommend that:

- Social Security benefits be extended to severely disabled widows under 62.
- The earnings exemption be increased by 12%, from $125 to $140 a month, from $1,500 to $1,680 a year.
- The amount above $1,680 a year up to which a beneficiary can retain $1 in payments for each $2 in earnings be increased from $2,700 to $2,880.
- One-half million additional farm workers be given Social Security coverage.
- Federal service be applied as Social Security credit for those employees who are not eligible for civil service benefits when they retire, become disabled, or die.

Social Security financing must continue on an actuarially sound basis. This will require future adjustments both in the amount of annual earnings credited toward benefits and in the contribution rate of employers and employees.

I recommend:

- A three-step increase in the amount of annual earnings credited toward benefits—to $7,800 in 1968; to $9,000 in 1971; and to $10,800 in 1974.
- That the scheduled rate increase to 4.4% in 1969 be revised to 4.5%; and that the increase to 4.85% in 1973 be revised to 5%.

PUBLIC ASSISTANCE

Despite these improvements in Social Security, many elderly Americans will continue to depend on public assistance payments for the essentials of life. Yet these welfare programs are far behind the times. While many States have recently improved their eligibility standards for medical assistance, their regular welfare standards are woefully inadequate.

In nine States, the average amounts paid for old-age assistance are as low as $50 a month, or less.

Twenty-seven States do not even meet their own minimum standards for welfare payments.

The Federal Old-Age Assistance Act allows the States to provide special incentives to encourage older persons on welfare to seek employment. But almost half the states have not taken advantage of this provision.

To make vitally needed changes in public assistance laws, I recommend legislation to provide that:

- State welfare agencies be required to raise cash payments to welfare recipients to the level the state itself sets as the minimum for subsistence.
- State agencies be required to bring these minimum standards up-to-date annually.
- Each State maintains its welfare subsistence standards at not less than two-thirds the level set for medical assistance.
- State welfare programs be required to establish a work-incentive provision for old-age assistance recipients.

TAX REFORM FOR SENIOR CITIZENS

Our Federal income tax laws today unfairly discriminate against older taxpayers with low incomes who continue to work after 65. The system of deductions, credits, and exemptions is so complex that many senior citizens are unable to understand them and thus do not receive the full benefits to which they are entitled.

I recommend that:

- The tax structure for senior citizens be completely overhauled, simplified and made fairer.
- Existing tax discrimination against the older Americans who are willing and able to work be eliminated.

Under this proposal, taxes will be reduced for almost three million older Americans—two out of every three who now pay taxes. Nearly 500,000 of these Americans will no longer have to pay taxes. There will be some increases for those in the upper tax brackets—those best able to afford them.

THE SUCCESS—AND THE FUTURE—OF MEDICARE

During the long wait for Medicare, many older Americans needlessly suffered and died because they could not afford proper health care. Nearly half had no health insurance protection. For most, coverage was grossly inadequate. As a result, men and women

spent their later years overburdened by health care costs. Many were forced to turn to public assistance. Others had to impose financial hardship on their relatives. Still others went without necessary medical care.

Since Medicare went into effect just over six months ago:

- More than two and one-half million older Americans have received hospital care.
- Hospitals have received nearly $1 billion in payments.
- More than three and one-half million Americans have been treated by doctors under the voluntary coverage of Medicare.
- 130,000 people have received home health services, and Medicare paid the bills.
- 6,700 hospitals, with more than 98 percent of the general hospital beds in the nation, have become partners in Medicare.

High standards set by Medicare will raise the level of health care for all citizens—not just the aged. Compliance with Title VI of the Civil Rights Act has hastened the end of racial discrimination in hospitals and has brought good medical care to many who were previously denied it.

Medicare is an unqualified success. Nevertheless, there are improvements which can be made and shortcomings which need prompt attention.

The 1.5 million seriously disabled Americans under 65 who receive Social Security and Railroad Retirement benefits should be included under Medicare. The typical member of this group is over 50. He finds himself in much the same plight as the elderly. He is dependent on Social Security benefits to support himself and his family. He is plagued by high medical expenses and poor insurance protection.

I recommend that Medicare be extended to the 1.5 million disabled Americans under 65 now covered by the Social Security and Railroad Retirement Systems.

Certain types of podiatry services are important to the health of the elderly. Yet, these services are excluded under present law. *I recommend that foot treatment, other than routine care, be covered under Medicare whether performed by podiatrists or physicians.*

Finally, Medicare does not cover prescription drugs for a patient outside the hospital. We recognize that many practical difficulties remain unsolved concerning the cost and quality of such drugs. This matter deserves our prompt attention. *I am directing the Secretary of Health, Education, and Welfare to undertake immediately a comprehensive study of the problems of including the cost of prescription drugs under Medicare.*

NURSING AND HEALTH CARE

Medicare and the Medical Assistance program have removed major financial barriers to health services. Federally assisted programs are developing health facilities, manpower, and services—many targeted to the needs of older Americans.

We have made progress, but serious problems remain. Although the number of agencies that provide health services to individuals in their own homes has grown to more than 1,400 throughout the country, their services are often limited in scope and quality. Many communities still have no such services available.

The great majority of nursing homes are ill-equipped to provide services required for Medicare and Medical Assistance patients. Of the 20,000 nursing homes in the country, only 3,000 have qualified for Medicare. Of the 850,000 beds in nursing homes, less than half—415,000—meet Hill-Burton standards for long-term care. Many do not even meet minimum fire and safety standards.

Expenditures for nursing home care have increased by 400 percent in the past decade. They now exceed $1.2 billion annually. Federal, State, and local governments pay more than a third of these costs—and the government share is rising rapidly.

We have learned that there is no single answer to the problem of providing the highest quality health care to the elderly. Just as their needs vary, so must the approach.

Some senior citizens can be treated in their homes, where they can be close to their families and friends. Others may need once-a-week care at a nearby outpatient clinic. When serious illness strikes, extended hospitalization may be required. When chronic disease is involved, care in a nursing home may be needed. And when post-operative care for short durations is necessary, specialized facilities may be essential.

Thus, we must pursue a wide range of community programs and services to meet the needs of the elderly—to allow them freedom to choose the right services at the right time and in the right place.

To move toward our health goal for the elderly, I propose to:

- Extend the Partnership for Health legislation to improve State and local health planning for the elderly.
- Launch special pilot projects to bring comprehensive medical and rehabilitation services to the aged.
- Begin an extensive research effort to develop the best means of organizing, delivering, and financing health services needed by the aged.
- Expand visiting nurses and other home health services.

I am requesting funds for more health facilities and better health care institutions for the aged, including:

- The full authorization of $280 million for construction under the Hill-Burton program to provide new beds and to modernize existing facilities.
- Mortgage guarantees and loans to construct nursing homes for the aged.
- Infirmaries and nursing units in senior citizens' housing projects.
- Intensive research to find new approaches in design and operation of hospitals, nursing homes, extended care facilities and other health institutions.

JOB OPPORTUNITIES FOR THE OLDER AMERICAN

In our Nation, there are thousands of retired teachers, lawyers, businessmen, social workers and recreation specialists, physicians, nurses, and others, who possess skills which the country badly needs.

Hundreds of thousands not yet old, not yet voluntarily retired, find themselves jobless because of arbitrary age discrimination. Despite our present low rate of unemployment, there has been a persistent average of 850,000 people age 45 and over who are unemployed.

Today, more than three-quarters of a billion dollars in unemployment insurance is paid each year to workers who are 45 or over. They comprise 27 percent of all the unemployed—and 40 percent of the long-term unemployed. In 1965, the Secretary of Labor reported to the Congress and the President that approximately half of all private job openings were barred to applicants over 55; a quarter were closed to applicants over 45.

In economic terms, this is a serious—and senseless—loss to a nation on the move. But the greater loss is the cruel sacrifice in happiness and well-being which joblessness imposes on these citizens and their families.

Opportunity must be opened to the many Americans over 45 who are qualified and willing to work. We must end arbitrary age limits on hiring. Though 23 States have already enacted laws to prohibit discriminatory practices, the problem is one of national concern and magnitude.

I recommend that:

- The Congress enact a law prohibiting arbitrary and unjust discrimination in employment because of a person's age.
- The law cover workers 45 to 65 years old.
- The law provide for conciliation and, if necessary, enforcement through cease and desist orders, with court review.
- The law provide an exception for special situations where age is a reasonable occupational qualification, where an employee is discharged for good cause, or where the employee is separated under a regular retirement system.
- Educational and research programs on age discrimination be strengthened.

Employment opportunities for older workers cannot be increased solely by measures eliminating discrimination. Today's high standards of education, training, and mobility often favor the younger worker. Many older men and women are unemployed because they are not fitted for the jobs of modern technology; because they live where there are no longer any jobs, or because they are seeking the jobs of a bygone era.

We have already expanded training and education for all Americans. But older workers have not been able to take full advantage of these programs. In many State employment offices, there is need for additional counselors, trained to deal with the special problems of older workers.

I am directing the Secretary of Labor

to establish a more comprehensive program of information, counseling and placement service for older workers through the Federal-State System of Employment Services.

ENRICHING THE LATER YEARS

Old age is too often a time of lonely sadness, when it should be a time for service and continued self-development. For many, later life can offer a second career. It can mean new opportunities for community service. It can be a time to develop new interests, acquire new knowledge, find new ways to use leisure hours.

Our goal is not merely to prolong our citizens' lives, but to enrich them.

Congress overwhelmingly endorsed this goal, when it passed the Older Americans Act. As a result, we have launched a new partnership at all levels of government, and among voluntary and private organizations. We have established a new agency and a new impetus to promote this partnership.

Forty-one States, the District of Columbia and Puerto Rico—where more than 91% of our older persons live—are now engaged in providing special services for senior citizens. Two-hundred and seventy community programs have already been started. Several hundred more will begin in the next few months.

We are helping States and communities to:

- Establish central information and referral services so that our older citizens can learn about and receive all the benefits to which they are entitled.
- Begin or expand services in more than 65 more senior citizen centers.
- Increase volunteer-service opportunities for older people.
- Offer pre-retirement courses and information about retirement.
- Support services which help older people remain in their homes and neighborhoods.

To carry forward this partnership, I recommend that:

- The Older Americans Act be extended and its funding levels be increased.
- Appropriations under the Neighborhood Facilities Program be increased to construct multipurpose centers to serve senior citizens with a wide range of educational, recreational and health services, and to provide information about housing and employment opportunities.
- A pilot program be started to provide nutritional meals in senior citizen centers.

Decent housing plays an important role in promoting self-respect and dignity in the later years. In the past three years, the total Federal investment in special housing programs for the elderly has doubled—to over $2.5 billion.

Rental housing for the elderly is one of our most successful housing programs. We have made commitments for about 187,000 units to house more than 280,000 persons. Direct loan and grant programs assist many senior citizens to improve their homes in urban renewal areas, and in areas of concentrated code enforcement where blight is worst. The new rent supplement program, enacted in 1965, promises to help thousands of low income older citizens to have good housing at reasonable rents.

I recommend that these housing programs be continued and that the full amount authorized for the 1968 rent supplement program be provided. I am directing the Secretary of Housing and Urban Development to make certain that the Model Cities Program gives special attention to the needs of older people in poor housing and decaying neighborhoods.

The talents of elderly Americans must not lie fallow. For most Americans, the most enriching moments of life are those spent helping their fellowman. I have asked the Director of the Office of Economic Opportunity to initiate and expand programs to make a wider range of volunteer activities available to older citizens:

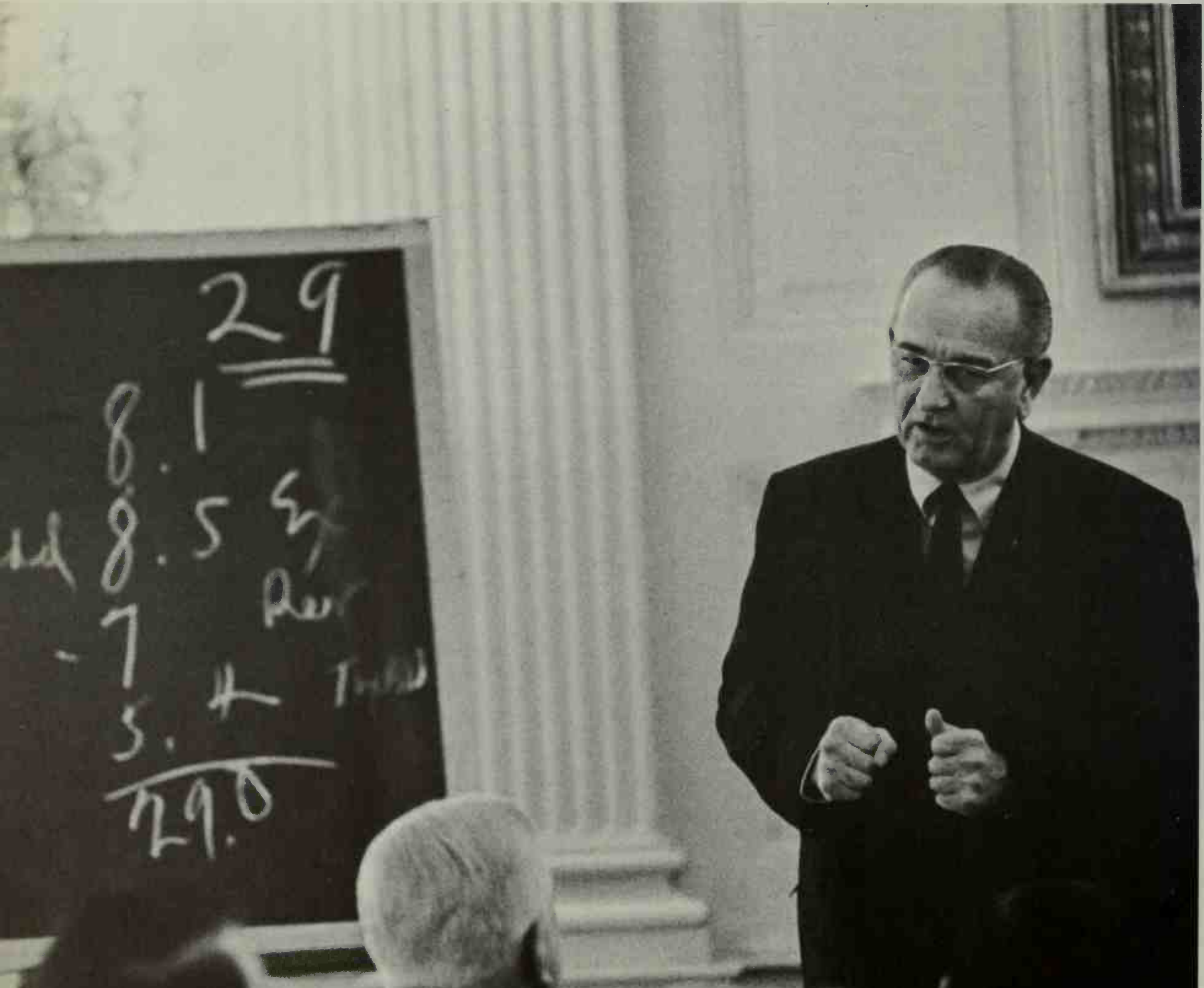
- To enlist them in searching out isolated and incapacitated older people.
- To build on the success of the Foster Grandparent and Medicare Alert programs by using public-spirited older Americans as tutors and classroom aides in Head Start and other programs.
- To organize older citizens as VISTA volunteers in a variety of community efforts.

OUR OBLIGATION

These are my major recommendations to the first session of the 90th Congress on behalf of older Americans. But this message does not end our quest, as a nation, for a better life for these citizens.

I believe that these new measures, together with programs already enacted, will bring us closer to fulfilling the goals set forth in our Bill of Rights for Older Americans.

We should look upon the growing number of older citizens not as a problem or a burden for our democracy, but as an opportunity to enrich their lives and, through them, the lives of all of us.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A BLUEPRINT FOR PROGRESS

Message on the 1968 Budget, January 24, 1967

To the Congress of the United States:

A Federal budget lays out a two-part plan of action:

- It proposes *particular programs,* military and civilian, designed to promote national security, international cooperation, and domestic progress.
- It proposes *total expenditures and revenues* designed to help maintain stable economic prosperity and growth.

This budget for fiscal year 1968 reflects three basic considerations:

- In Vietnam, as throughout the world, we seek peace but will provide all the resources needed to combat aggression.
- In our urgent domestic programs we will continue to press ahead, at a controlled and reasoned pace.
- In our domestic economy we seek to achieve a 7th year of uninterrupted growth, adopting the fiscal measures needed to finance our expenditures responsibly, permit lower interest rates, and achieve a more balanced economy.

THE ECONOMY

In recent years, the American economy has performed superbly. Since 1963, our Nation's output has risen at an average rate of 5.5% a year. 5.3 million more people are employed and 1.2 million fewer unemployed. Industrial capacity has grown by 18%, and far less of it is idle than was the case 3 years ago.

During this past calendar year alone:

- Our Nation's gross national product—apart from price changes—has grown by nearly 5.4%.
- The unemployment rate has remained at or below 4% for the first time in 13 years.
- More than 3 million additional jobs were found in nonagricultural employment, the largest yearly gain experienced since 1942.
- Corporate profits and personal income have each grown about 8% to record levels.

We have at the same time become engaged in a major effort to deter aggression in Southeast Asia. Some $19.9 billion of the Nation's resources will go to support that effort in the current fiscal year and $22.4 billion in 1968. This past year our economy met these requirements with minimum strain and disruption.

We have also embarked upon a series of new programs to lift the quality of American life in the fields of health, education, urban development, pollution control, and the war on poverty. Yet the productivity and vitality of our economy is such that the total Federal budget in 1968, including the full costs of the Vietnam conflict, the new programs, and all of the various Federal trust funds, will account for only 1½% more of our gross national product than it did 3 years ago. Since the gross national product rose sharply over these 3 years, we have been able to meet our increased commitments abroad, move forward with urgent social programs at home, and still provide a massive expansion in goods and services available for private consumption and investment.

During the year and a half since the decision to send troops to Vietnam, consumer prices have risen 4.5% in spite of efforts to hold them down. We have, nevertheless, had considerably better success than in similar periods during World War II and the Korean conflict. Then, prices rose 13.5% and 11% respectively, even with the imposition of price and wage controls which we have avoided.

The economic performance of the past 3 years did not just happen. It grew out of the ingenuity, hard work, and imagination of all parts of American society. But the one element which provided a catalyst for all the rest was the imaginative and flexible use of Federal fiscal policy.

In 1964, and again in 1965, tax reductions were enacted which gave a strong stimulus to the economy. Idle capacity came into operation, new capacity was built, and both the numbers and productivity of the Nation's workforce rose sharply.

In late 1965 and early 1966, however, as the economy rapidly approached full capacity operation, inflationary pressures began to develop.

On two occasions, I proposed, and the Congress promptly enacted, tax changes aimed at dampening those pressures. At the same time I made every effort to postpone, stretch out, or eliminate all but the most essential Federal expenditures. Cutbacks totaling over $5 billion in program levels and $3 billion in expenditures are being undertaken by Federal agencies during the current year. These actions contributed to a welcome moderation of inflationary pressures in the latter part of 1966.

FISCAL PROGRAM FOR 1968

In the budget for 1968, I am again proposing a fiscal program tailored to meet responsibly the needs of an expanding economy. This program will require a measure of sacrifice as well as continued work and resourcefulness.

In the year ahead, defense expenditures will continue to rise as we carry out our obligations in Vietnam. After a rigorous review of civilian programs and a sharp paring of spending requests, a modest increase in domestic expenditures will be required as we press forward to meet our obligations at home. Equity also demands that we increase substantially social security benefits for our older citizens so that they share in the Nation's growing income which their own past work and investment helped to bring about. And finally, during the coming year, we must take every reasonable step to permit a continuation of the move toward easier monetary conditions and lower interest rates which is now clearly under way.

Under these circumstances, I am proposing a temporary 6% surcharge on both corporate and individual income taxes. I also ask that individuals in the lower income brackets be exempt from the surcharge. The tax should remain in effect for two years, or for such period as may be warranted by our unusual expenditures in Vietnam. I will not hesitate to recommend an earlier expiration date, however, if the fiscal requirements of our commitments in Vietnam permit such action. In addition, I recommend legislation to provide a further acceleration of certain corporate tax payments.

With these new measures, and the expenditures I am proposing, the Federal budget deficit as measured in the national income accounts will be $2.1 billion in fiscal year 1968, compared to $3.8 billion in fiscal year 1967.

The national income accounts budget is the measure developed and used for over three decades by economists and fiscal experts to judge the impact of the Federal budget on the flow of income and production in the economy. Its measures of total Federal receipts and expenditures are the same as those used in recording the receipts and expenditures of business firms and individuals. Together with data on business and individuals, the national income accounts budget is used to build up official statistics on gross national product and national income.

Unlike the more traditional administrative budget, the national income budget:

- *includes* the large expenditures and receipts of the Federal Government's trust funds, but
- *excludes* Federal loans and receipts from the sale of loans, since these are not recorded as income or expenditures in the accounts of business firms or individuals.

I am emphasizing the national income accounts as a measure of Federal fiscal activity because the traditional administrative budget is becoming an increasingly less complete and less reliable measure of the Government's activities and their economic impact. For example, trust fund-financed activities not reflected in the administrative budget now approximate one-third of that budget. More specifically, the fiscal year 1968 administrative budget excludes $48.1 billion of trust fund receipts and $44.5 billion of trust fund expenditures.

In addition, the treatment of lending as equivalent to spending in both the administrative and cash budgets is not suitable for an analysis of the budget's impact on the flow of national production and income.

To permit a *higher* 1968 budget deficit than the $2.1 billion involved in my fiscal recommendations would, I believe, be unacceptable. We would run substantial risks of:

- choking off the much-desired move toward lower interest rates by placing too much of our stabilization effort on the shoulders of monetary policy, and

- renewing inflationary pressures, particularly in the latter half of this year.

On the other hand, to seek a *lower* deficit or a surplus through a more restrictive fiscal program would be unwarranted and self-defeating under present economic conditions. Such a fiscal policy could depress economic activity, reduce the incomes of individuals and corporations, and thereby fail to secure the revenues it was designed to achieve.

The economy, the budget, and the aims of our society would be jeopardized by either a larger tax increase or by large slashes in military or civilian programs. I have reviewed these programs carefully. Waste and nonessentials have been cut out. Reductions or postponements have been made wherever possible. The increases that are proposed have been carefully selected on the basis of urgent national requirements.

The Congress through the appropriations process, will, of course, subject these programs to a searching examination. I welcome that examination. But it is my judgment that major cuts cannot be made without serious impairment to vital national objectives—in defense, in education, in health, in the rebuilding of our cities, and in the attack on poverty.

SUMMARY OF FEDERAL RECEIPTS AND PAYMENTS

[FISCAL YEARS. IN BILLIONS]

DESCRIPTION	1966 ACTUAL	1967 ESTIMATE	1968 ESTIMATE
FEDERAL RECEIPTS			
National income accounts receipts—Federal sector	$132.6	$149.8	$167.1
Deduct: Timing adjustment (cash vs. accrual)	—1.2	—3.9	.4
Add: Loans repaid, differences in coverage, and other adjustments	.7	1.0	1.4
Total cash receipts from the public	134.5	154.7	168.1
Deduct: Trust fund receipts	34.9	44.9	48.1
Add: Intragovernmental transactions and other adjustments	5.1	7.2	7.0
Administrative budget receipts	104.7	117.0	126.9
FEDERAL PAYMENTS			
National income accounts expenditures—Federal sector	132.3	153.6	169.2
Deduct: Timing adjustment (cash vs. accrual)	—.3	.2	.4
Add: Loans, differences in coverage, and other adjustments	5.2	7.5	3.6
Total cash payments to the public	137.8	160.9	172.4
Deduct: Trust fund expenditures	34.9	40.9	44.5
Add: Intragovernmental transactions and other adjustments	4.0	6.8	7.1
Administrative budget expenditures	107.0	126.7	135.0
EXCESS OF RECEIPTS (+) OR PAYMENTS(—)			
National income accounts—Federal sector	+.3	—3.8	—2.1
Receipts from and payments to the public	—3.3	—6.2	—4.3
Administrative budget	—2.3	—9.7	—8.1

This Nation is healthy and growing. It can—and, I believe, must—continue to move forward:

- in the defense of freedom against aggression;
- in the search for international peace and cooperation; and
- in the effort to improve the quality of American life.

At this juncture in our history we have two choices:

- to stand still and mark time; or
- to press ahead responsibly and confidently.

For my part, I have chosen the latter course. That choice is reflected in my budgetary and fiscal proposals.

BUDGET SUMMARY

Federal expenditures, as measured in the *national income accounts* will rise from $153.6 billion in fiscal year 1967 to $169.2 billion in 1968. That increase is composed of four major elements:

- $5.8 billion for Vietnam and other national defense outlays;
- $6.2 billion in benefits under the Federal Government's social security and other trust funds, two-thirds of which results from the new social security legislation I am proposing;
- $1 billion for the cost of military and civilian pay increases, to keep abreast of rising salaries in private industry; and
- $2.6 billion for all other programs of the Federal Government.

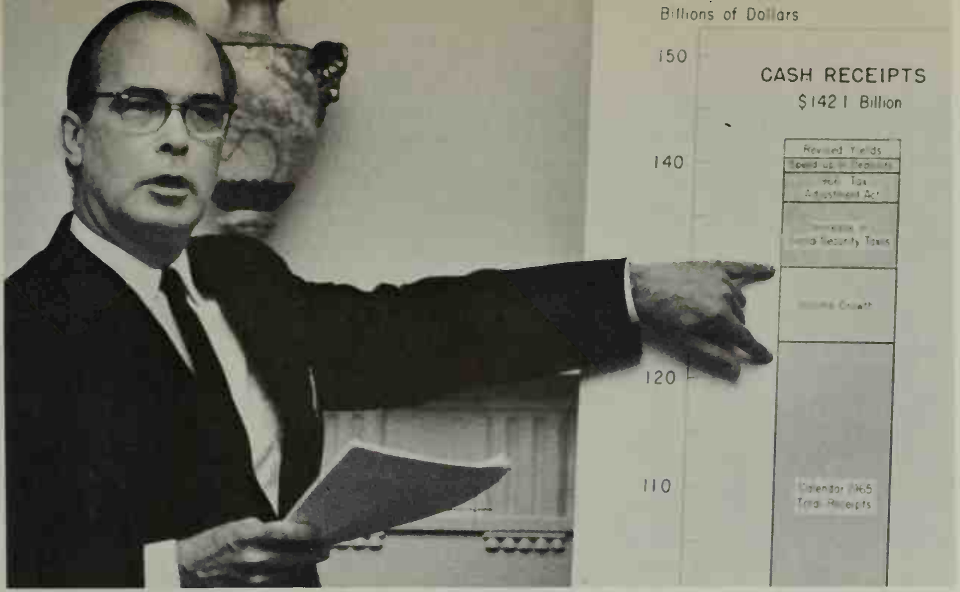
Federal revenues will increase more rapidly than expenditures, from $149.8 billion in fiscal year 1967 to $167.1 billion in 1968, reflecting both the growth in the economy and the effect of the tax legislation I am recommending. The Federal deficit, as measured in the national income accounts will, therefore, decline between 1967 and 1968 from $3.8 billion to $2.1 billion.

While the national income accounts budget is the most appropriate measure of the overall economic impact of the Federal budget, a discussion of *individual* Federal programs is best carried out in terms of the more conventional *administrative budget* and the various Federal *trust funds*.

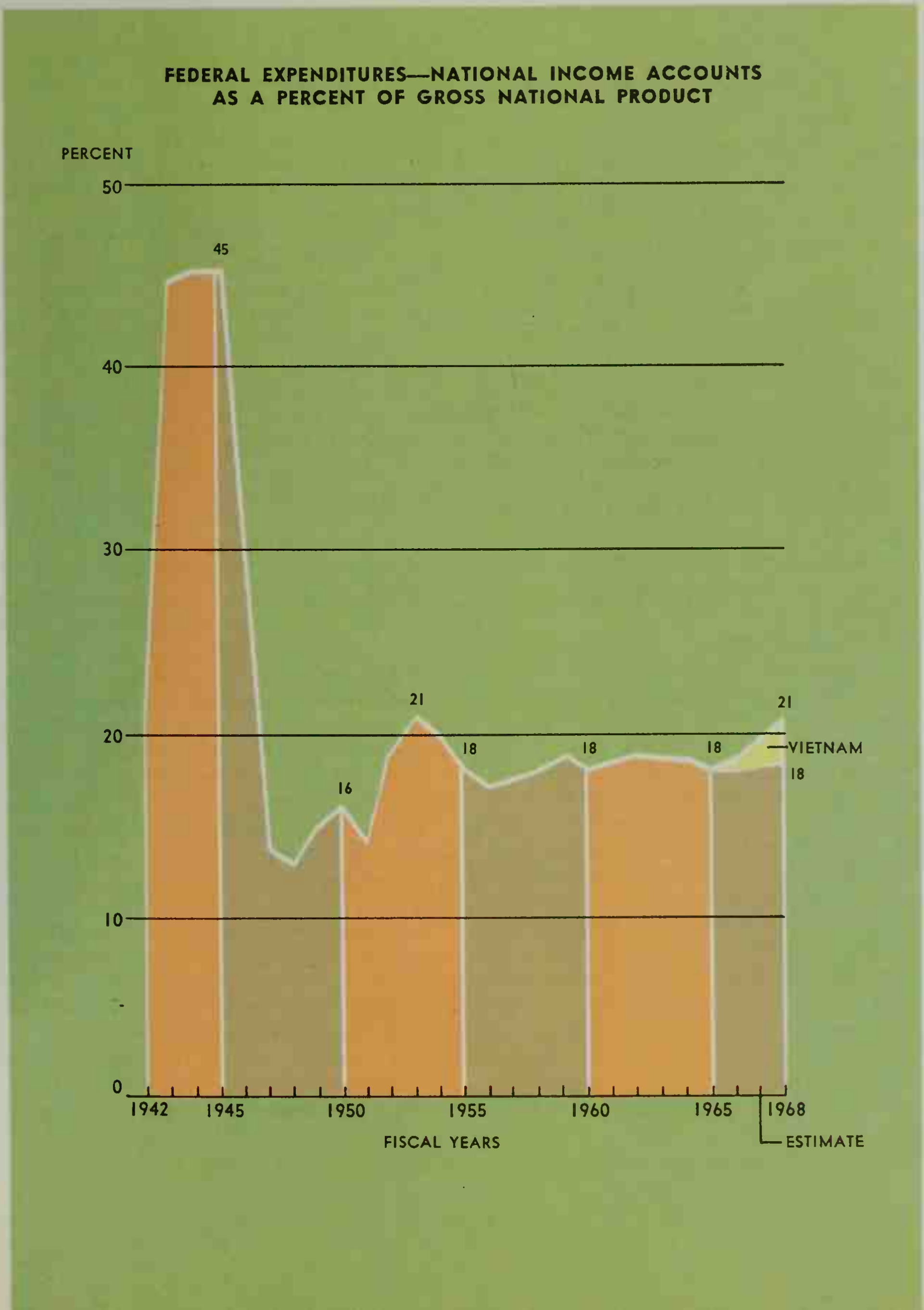
Administrative budget expenditures will amount to $126.7 billion in 1967 and $135.0 billion in 1968. In these 2 years, revenues in the administrative budget are estimated to rise from $117.0 billion to $126.9 billion. As a result, the budget deficit will fall from $9.7 billion in the current fiscal year to $8.1 billion in 1968.

Administrative budget expenditures in fiscal year 1967 are $13.9 billion higher than the expenditures I estimated in my budget message a year ago. $9.6 billion of the increase is accounted for by the enlarged military program. Another $3.0 billion results from the impact of tight money on the Federal budget, and $1.3 billion from expenditure re-estimates, as workloads increased in such programs as public assistance, Medicare, and the postal service. Potential further expenditures of $2.6 billion, from Congressional additions to my 1967 authorization and appropriation recommendations, were roughly offset by the budget reductions I instituted last fall. Of the $3 billion expenditure reductions, $2.6 billion will occur in administrative budget programs and about $0.4 billion in the trust funds.

In 1968, defense outlays will account for $75.5 billion, or 56%, of the total budget. Of the remaining expenditures, some $29.4 billion, or 22%, are spent on programs under which payments are fixed by law or are otherwise uncontrollable—interest on the public debt, veterans compensation and pensions, public assistance, Federal general revenue contributions to Medicare, and the like. Another $15.3 billion or 11% will


Billions of Dollars
150
CASH RECEIPTS
$142.1 Billion
140
Revised Yields
Speed up in Payments
1966 Tax Adjustment Act
Increase in Social Security Taxes
Income Growth
120
110
Calendar 1965 Total Receipts

Gardner Ackley, Chairman of the Council of Economic Advisors.



FEDERAL EXPENDITURES—NATIONAL INCOME ACCOUNTS AS A PERCENT OF GROSS NATIONAL PRODUCT

be spent in 1968 to complete contracts or obligations entered into in prior years—the purchase of mortgages under earlier commitments, the completion of construction begun in 1966 or 1967, and so forth.

The remaining $14.9 billion, or 11% of the budget, may be considered as "controllable" expenditures in 1968. And even these include such indispensable programs as law enforcement, the collection of taxes and customs, the upkeep of our national parks, and the operation of the Nation's air navigation facilities.

In the 1968 budget I have sought to recommend increases only where these are vitally necessary to meet the needs of a growing society. I have given particular, but selective, attention to programs designed to bring into the mainstream of American life those to whom opportunities are now denied.

At the same time, my 1968 budget incorporates substantial economies in operations. New projects under many Federal construction programs will be held to a modest level, well below the average of prior years and below the level to which they can rise when our fiscal problems are less urgent.

By 1966, Federal civilian agencies had achieved improvements in operations which netted a saving in that year of $1.7 billion compared to their level of efficiency 2 years earlier. The Defense Department's Cost Reduction Program begun in 1961 yielded savings of $4.5 billion in 1966. Those efforts will continue in fiscal years 1967 and 1968.

The effect on the Federal budget of selective expansions in high priority programs combined with economies in operation are summarized in the accompanying table.

In the 1968 budget I am proposing to sell $5 billion in participation certificates. These certificates are a means by which Federal credit programs can be financed, and point up the role of the Federal Government as an intermediary, assisting borrowers to find sources of credit. The sale of these certificates also has the advantage of making the cash and administrative budgets more closely akin to the national income accounts budget since, in effect, it removes the impact of new lending from the cash and administrative budget totals.

My detailed budget plans provide for the possible sale of $5,750 million of these certificates. The overall budget totals, however, make an allowance for a possible shortfall of $750 million in the actual sales of these certificates. While this tends to raise the reported deficit in the administrative budget, I have made such an allowance in order to present more conservative estimates to the Congress, taking into account the uncertainty of future conditions.

NEW OBLIGATIONAL AUTHORITY

New obligational authority recommended for fiscal year 1968 in the administrative budget totals $144.0 billion. This is an increase of $4.4 billion over the current estimate for fiscal year 1967, of which $2.5 billion is for the Department of Defense and the military assistance program combined.

Of the total new obligational authority estimated for 1968, the Congress will have to act this year on $126.5 billion. The remaining $17.5 billion will become available under "permanent" authorizations without further congressional action; interest on the public debt represents 80% of this amount. Most of the $50.2 billion in new obligational authority estimated for 1968 for trust funds represents revenues from special taxes which are also appropriated automatically.

Apart from Defense and military assistance, the 1968 new obligational authority recommended for Congressional action in the administrative budget will amount to $51.3 billion. The proposed amounts result from a thorough evaluation and review of program levels and needs and have been held to the minimum that will assure orderly progress in meeting national program objectives.

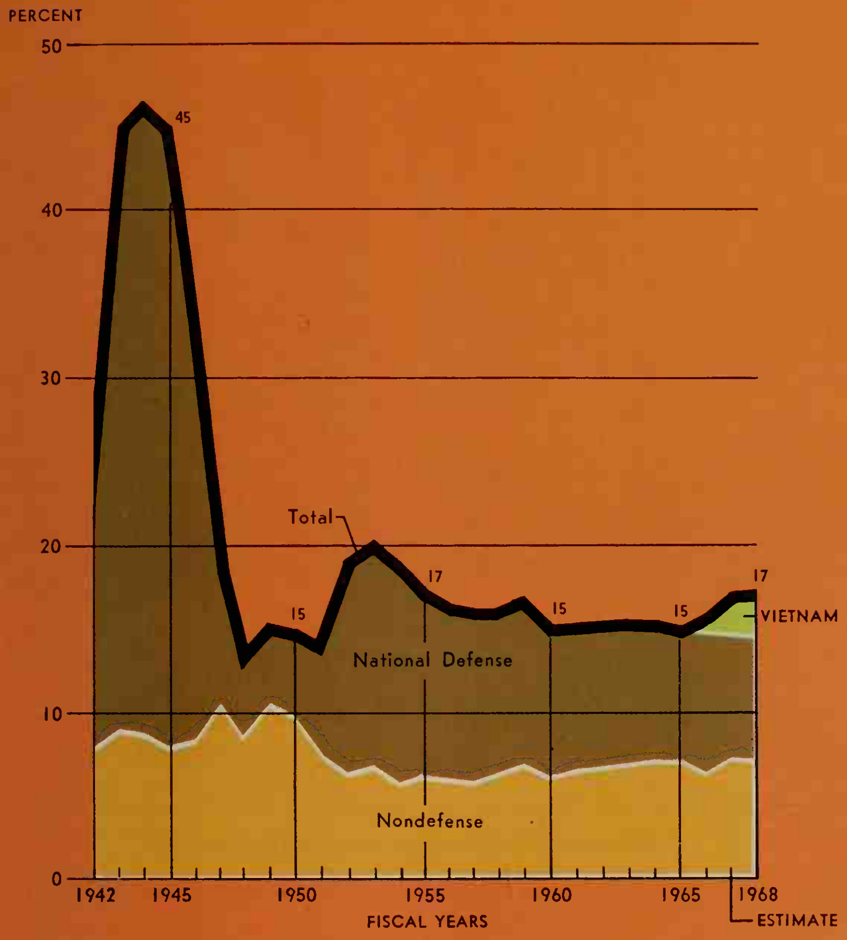
Major increases in new obligational authority, other than for the Department of Defense, include:

- $1.2 billion for the Department of Housing and Urban Development, including the newly-enacted model cities program.
- $1.0 billion for proposed civilian and military pay increases.
- $0.9 billion for the Department of Health, Education, and Welfare, mainly for public assistance, education, Medicaid, and various other health activities.
- $0.6 billion for the permanent appropriation for interest on the public debt.

Major decreases include:

- $1.8 billion for the Department of Agriculture, largely due to the reduced capital needs of the Commodity Credit Corporation and the proposal to establish revolving funds for the Rural Electrification Administration.
- $1 billion for the Tennessee Valley Authority since its needs for bond-issuing authority for the next several years were met by an increase of this amount granted in fiscal year 1967.

ADMINISTRATIVE BUDGET AND DEFENSE EXPENDITURES AS A PERCENT OF GROSS NATIONAL PRODUCT



ADMINISTRATIVE BUDGET EXPENDITURES

[FISCAL YEARS. IN BILLIONS]

TYPE OF CONTROLLABILITY	1966 ACTUAL	1967 ESTIMATE	1968 ESTIMATE
National defense	$57.7	$70.2	$75.5
Relatively uncontrollable civilian expenditures:			
Major programs	24.1	28.3	29.4
Interest	12.1	13.5	14.2
Veterans pensions, compensation, and insurance	4.2	4.7	4.9
Public assistance grants	3.5	3.9	4.2
Farm price supports (Commodity Credit Corporation)	1.3	1.6	1.6
Postal public service costs and revenue deficit (existing law)	.8	1.1	1.1
Health insurance payments to trust funds	....	1.0	.9
Legislative and judiciary	.3	.4	.4
Other	1.8	2.2	2.3
Payments on prior contracts and obligations	11.5	14.3	15.3
Relatively controllable civilian expenditures	13.6	13.9	14.9
Proposed pay increases	....	....	1.0
Sale of financial assets	—3.0	—3.9	—5.3
Other	16.6	17.8	19.2
Total administrative budget expenditures	107.0	126.7	135.0

- $0.6 billion for the Post Office, reflecting proposed postal rate increases.

The 1967 estimate in the administrative budget includes $14.3 billion in recommended supplemental appropriations which the Congress is being requested to enact this year. Of this total, $12.3 billion is for support of military operations in Southeast Asia. The remaining supplemental amounts are needed mainly (1) to provide adequate financing for certain relatively uncontrollable costs which are based on eligibility and demand for services under provisions of existing law—such as for public assistance grants, postal services, and veterans' compensation and pensions and (2) to cover part of the cost of military and civilian pay increases and new programs which were enacted last year but for which appropriations were not provided. The estimates presented in this budget reflect fully this additional new obligational authority for the current year and the related expenditures.

FEDERAL PROGRAMS AND EXPENDITURES

Military forces able to defend the cause of freedom in Vietnam and to counter other threats to national security require substantial resources.

Yet we cannot permit the defense of freedom abroad to sidetrack the struggle for individual growth and dignity at home. Under my budget proposals, we will move forward at a reasonable rate the programs to broaden opportunities for the poor or disadvantaged and continue the steady advance in their effectiveness achieved in the last 3 years.

To assure that the budget fully covers all the costs which we might reasonably expect in the coming year, the total includes $2.2 billion in special allowances to provide for (1) proposed increases in the pay of military and civilian personnel, including postal employees, (2) the possibility of some shortfall in planned sales of financial assets, and (3) unforeseen contingencies and the possible costs of programs on which definite decisions have not yet been made, such as the development of a prototype supersonic air transport and a nuclear space rocket.

The highlights of the proposed Government program for 1968 follow:

National Defense—Today our military requirements are dictated by two

CIVILIAN ADMINISTRATIVE BUDGET EXPENDITURES

[FISCAL YEARS. IN BILLIONS]

	1966 ACTUAL	1967 ESTIMATE	1968 ESTIMATE	CHANGE, 1967 TO 1968
Total civilian	$49.3	$56.5	$59.5	+$3.0
Major education programs	2.8	4.0	4.6	+.6
Major health programs	2.5	4.3	4.8	+.5
Other major social programs:				
Welfare, labor, and economic opportunity programs	5.1	6.1	6.5	+.4
Housing and community development, regional development, and pollution control	1.2	2.0	2.4	+.4
Interest	12.1	13.5	14.2	+.6
Proposed pay increases	....	....	1.0	+1.0
Sale of financial assets	−3.0	−3.9	−5.3	−1.4
All other civilian expenditures	28.4	30.5	31.3	+.8

NEW OBLIGATIONAL AUTHORITY

[FISCAL YEARS. IN BILLIONS]

DESCRIPTION	1966 ACTUAL	1967 ESTIMATE	1968 ESTIMATE
Total authorizations requiring current action by Congress:			
Administrative budget funds	$110.9	$123.9	$126.5
Trust funds	.5	5.1	1.7
Total authorizations not requiring current action by Congress:			
Administrative budget funds	15.5	15.7	17.5
Trust funds	36.2	45.8	48.6
Total new obligational authority:			
Administrative budget funds	126.4	139.6	144.0
Trust funds	36.7	50.8	50.2

Charles L. Schultze, Director, Bureau of the Budget

PAYMENTS TO THE PUBLIC

[FISCAL YEARS. IN BILLIONS]

FUNCTION	1966 ACTUAL	1967 ESTIMATE	1968 ESTIMATE
Administrative budget expenditures:			
National defense	$57.7	$70.2	$75.5
Excluding special Vietnam	(51.9)	(50.8)	(53.6)
International affairs and finance	4.2	4.6	4.8
Excluding special Vietnam	(3.9)	(4.1)	(4.3)
Space research and technology	5.9	5.6	5.3
Agriculture and agricultural resources	3.3	3.0	3.2
Natural resources	3.1	3.2	3.5
Commerce and transportation	3.0	3.5	3.1
Housing and community development	.3	.9	1.0
Health, labor, and welfare	7.6	10.4	11.3
Education	2.8	3.3	2.8
Veterans benefits and services	5.0	6.4	6.1
Interest	12.1	13.5	14.2
General government	2.5	2.7	2.8
Allowances:			
Civilian and military pay increase	....	....	1.0
Possible shortfall in asset sales	....	....	.8
Contingencies	....	.1	.4
Interfund transactions (deduct)	.6	.8	.7
Total, administrative budget expenditures	107.0	126.7	135.0
Trust fund expenditures:			
Health, labor, and welfare	26.4	31.5	37.1
Commerce and transportation	3.8	3.7	3.7
National defense	.8	1.1	1.4
Agriculture and agricultural resources	1.2	1.4	1.2
Housing and community development	3.2	3.0	1.0
Veterans benefits and services	.6	.8	.6
All other	—.2	.1	.3
Interfund transactions (deduct)	.8	.7	.7
Total trust fund expenditures	34.9	40.9	44.5
Intragovernmental transactions and other adjustments (deduct)	4.0	6.8	7.1
Total payments to the public	137.8	160.9	172.4

fundamental realities. We must continue to counter aggression in South Vietnam. We must also continue to enhance our ability to meet changing threats to our freedom and security elsewhere. The 1968 budget will insure that our forces remain equal to both these tasks.

Though small in relation to the Nation's total economic activity, the cost of honoring our commitment to South Vietnam is nevertheless substantial. Expenditures necessary to support military operations in Southeast Asia will total $21.9 billion in 1968, about three-tenths of budget expenditures for national defense. A year ago we were in the midst of a rapid buildup of our forces in Vietnam. Rather than submit a budget to the Congress based on highly uncertain estimates, I requested funds sufficient to finance the conflict through fiscal year 1967. At the present time the situation is different. While unforeseen events can upset the most careful estimate, we are in a much better position to determine our future requirements in Vietnam. As a consequence, my 1968 budget provides for those requirements on a continuing basis, including the possibility of an extension of combat beyond the end of the fiscal year.

In 1968, we will:

- Continue intensive development of Nike-X but take no action now to deploy an anti-ballistic missile (ABM) defense; initiate discussions with the Soviet Union on the limitation of ABM deployments; in the event these discussions prove unsuccessful, we will reconsider our deployment decision. To provide for actions that may be required at that time, approximately $375 million has been included in the 1968 budget for the production of Nike-X for such purposes as defense of our offensive weapon systems.
- Maintain our decisive strategic superiority by initiating procurement of the advanced Poseidon submarine-launched missile, improving our present strategic missiles, and further safeguarding our capacity to direct our forces in the event of attack.
- Provide our forces in Vietnam with all the weapons and supplies they need and add to our war reserves at the same time.
- Add to the mobility and effectiveness of our general purpose forces by increasing the firepower of our ground forces, enlarging our helicopter strength, pursuing a vigorous shipbuilding and conversion program, and purchasing additional modern tactical aircraft.
- Increase our airlift and sealift capabilities by further procurement of the giant C-5A transport plane, and procurement of 5 fast-deployment logistics ships.
- Continue the vigorous research and development programs vital to maintaining the most modern, versatile, and potent forces in the world.

These sizable increases in our capabilities for nuclear, conventional, or countersubversive conflict are necessary and prudent. Nevertheless, security needs will continue to be met without waste or extravagance. Our defense programs must be conducted as efficiently and economically as possible. In 1968, the Defense Cost Reduction Program will continue to produce significant savings.

International Affairs and Finance—In the long run, greater opportunities and security for our own citizens will be possible only if other peoples also share in progress toward a better and more secure life. To this end, our international programs in the coming year will emphasize helping the less developed nations to increase their food production, expand their educational opportunities, and improve the health of their citizens.

Based on a thorough review of our economic assistance objectives and programs, I will recommend new legislation and specific actions to:

- Require more effective self-help measures by recipient countries as a condition for U.S. aid;
- Increase the amount of assistance for the key sectors of agriculture, health, and education;
- Support regional arrangements and make greater use of multilateral channels through which other nations cooperatively share the costs of economic development;
- Encourage greater participation by private enterprise in the development process; and
- Concentrate our aid in those countries where successful development is most probable.

We are gratified by the achievements of the Alliance for Progress and shall continue to work closely with our hemispheric neighbors to help build schools and homes, create new jobs, and improve health and nutrition. But much remains to be done. I shall be meeting shortly with the chief executives of the other American governments to review the goals and progress of the Alliance. At that time we will consider new cooperative programs to accelerate growth in critical areas.

In South Vietnam, we will increase our economic assistance for projects directly aiding people in the villages and hamlets. This stepped-up effort is urgently needed to help these people construct their farms and houses in safety and build the foundations for a better life in that strife-torn country.

To pursue the War on Hunger more effectively, our assistance to agriculture and our Food for Freedom shipments will encourage and support efforts by the developing nations to increase their own food production. In cooperation with other nations, we will also carry out a pioneer program to find ways to utilize the vast unexploited food resources of the sea.

The International Development Association, which is managed by the World Bank, has proven an effective means of international cooperation to promote economic development. Its current resources, however, will soon be exhausted. Following the successful conclusion of negotiations between the IDA and the developed nations of the world, I will request authorization for the United States to pledge its fair share towards an additional contribution to this organization in ways consistent with our balance of payments policy. I also intend to propose legislation which will permit us to join other members in a replenishment of the Inter-American Development Bank's Fund for Special Operations.

To enable the Export-Import Bank to fulfill its role of assisting our export trade, which is so vital to our balance of payments, I am recommending that its lending authority be increased and its life extended for another five years.

Space Research and Technology—In 1961, this Nation resolved to send a manned expedition to the moon in this decade. Much hard work remains and many obstacles must still be overcome before that goal is met. Yet, in the last few years we have progressed far enough that we must now look beyond our original objective and set our course for the more distant future. Indeed, we have no alternative unless we wish to abandon the manned space capability we have created.

This budget provides for the initiation of an effective follow-on to the manned lunar landing. We will explore the moon. We will learn to live in space for months at a time. Our astronauts will conduct scientific and engineering experiments in space to enhance man's mastery of that environment.

The Surveyor and Orbiter projects, in photographing the moon, have demonstrated dramatically the value of unmanned spacecraft in investigating other objects in the solar system. Accordingly, we are proceeding with the development of the Voyager system for an unmanned landing on Mars in 1973. We will also continue other unmanned investigations nearer the earth.

In recent years the National Aeronautics and Space Administration and the Atomic Energy Commission have jointly undertaken the development of nuclear rocket propulsion technology. We are now considering whether that effort should be expanded to the development of the rocket itself. The overall budget totals allow for the possibility of proceeding if an affirmative decision is reached.

These new ventures are the result of careful planning and selectivity. We are not doing everything in space that we are technologically capable of doing. Rather, we are choosing those projects that give us the greatest return on our investment.

To support these new projects and to maintain our existing programs, an increase of $82 million is requested in new obligational authority for the National Aeronautics and Space Administration for 1968. Expenditures, however, will decline by $300 million in the coming year, primarily because of reduced requirements for the manned lunar landing program.

Agriculture and Agricultural Resources—Rising domestic and foreign demands have highlighted the importance of maintaining a healthy and productive agricultural economy. During the past year our surplus commodity stocks have been substantially reduced. As a result, restrictions on the production of wheat and feed grains have been eased in order to allow the Nation to maintain adequate reserves.

The increasing demand for agricultural commodities provides a favorable outlook for many of our commercial farmers. However, a large number of rural people cannot achieve an adequate income even with a prosperous agriculture. Labor requirements on the Nation's farms have declined drastically in the last quarter of a century. Unemployment and underemployment in rural areas have resulted. Consequently, rural communities are often unable to provide and maintain essential public services—good schools, modern hospitals, and other necessary community facilities—to meet today's needs.

I have directed the Secretary of Agriculture to take the lead in helping rural people achieve a quality of living comparable to other segments of our population. To this end, the Department of

Agriculture will work with State and Federal agencies and with local groups to help rural communities make the best use of all existing governmental programs. In addition, legislation is needed to encourage establishment of pilot multi-county development districts.

To assure modern and efficient electric and telephone services for rural people, legislation should be enacted promptly to provide new sources of private financing for Rural Electrification Administration borrowers, while minimizing Federal outlays.

Natural Resources—My recommendations in this budget for natural resource conservation and development will help meet the most urgent needs of our people and the requirements for economic growth.

Action must be taken now to:

- Reduce water pollution in our lakes, rivers, and estuaries.
- Insure an adequate supply of pure water.
- Preserve scenic areas of irreplaceable natural beauty—scenic rivers, the Redwoods, North Cascades in the State of Washington, and the historic Potomac Valley.
- Forestall the escalation of land prices in the acquisition of Federal lands for recreational use.

The continued pollution of our rivers, lakes, and estuaries is one of the major resource problems facing this Nation. The transfer last year of the Federal Water Pollution Control Administration to the Department of the Interior now permits a major attack on the problems of water pollution in entire river basins. In 1968, the Department will also give major emphasis to reviewing and approving State standards required by the Water Quality Act of 1965.

Many regions of the country are facing increasingly critical problems of adequate supply and efficient use of water. I urge prompt enactment of legislation to establish a National Water Commission to assess our major water problems and develop guidelines for the most effective use of available water resources.

I also recommend legislation to enable the Department of the Interior to participate with the Metropolitan Water District of Southern California and the Atomic Energy Commission in developing and constructing a large prototype power and desalting plant. This will be a major step toward the development of economical projects for conversion of seawater to fresh water.

This budget provides for continued investment in the development and improvement of our vital water resources. Last fall, however, in order to help relieve inflationary pressures on the economy, I directed Federal agencies to slow down or defer construction projects wherever possible in fiscal year 1967. For 1968, I am recommending that a small number of new water resources projects be started. Advance planning will begin on a number of projects to be constructed in later years.

Authorized recreation areas must be acquired as promptly as possible to avoid speculative increases in land prices. Accordingly, I propose that an advance appropriation be made to the Land and Water Conservation Fund for this purpose.

A significant advance in research on the fundamental structure of matter will be made possible with the construction of a 200 billion electron volt accelerator by the Atomic Energy Commission. This research machine, to be located near Chicago, Illinois, is expected to provide U.S. physicists with the world's highest energy proton beam. Design funds are provided in the 1968 budget.

Commerce and Transportation—A strong and balanced national economy requires:

- Accurate and timely information;
- Efficient transportation facilities;
- Rapid communication; and
- Special aids to lagging regions and sectors of the Nation.

Accordingly, the Federal Government will augment significantly its investment in commerce and transportation programs in the year ahead. The 1968 budget provides funds to:

- Increase technical services and other aids to business;
- Undertake a special sample survey to pinpoint the social and economic needs of our people;
- Give added impetus to our efforts to encourage travel to the U.S. and our export promotion programs to improve our balance of payments;
- Support a World Weather Watch to improve long-range weather forecasting;
- Explore means for modifying the weather, and examine the implications of this new science;
- Strengthen our effort to encourage regional economic development; and
- Improve our transportation facilities and services under the leadership of the new Department of Transportation.

Our transportation programs in 1968 will include an all-out attack to reduce the alarming carnage on the Nation's highways, using the tools made available in the highway safety legislation enacted last year. We are currently considering the construction of a prototype civil supersonic transport. The allowance for contingencies is adequate to cover the possible costs of this effort, should an affirmative decision be made to proceed.

Special emphasis will be placed on improved management and acquisition of modern facilities and equipment to increase the efficiency of our postal system, one of the largest business operations in the world. To provide improved services, to cover proposed pay increases for postal workers and largely offset the remaining postal deficit, a postal rate increase is both necessary and desirable. As required by law, I am proposing such an increase. The budget reflects $700 million in postal revenues from this source.

Housing and Community Development—The problems of the American city are great and vexing. They involve the entire physical and social fabric of deteriorating central cities and rapidly growing suburbs. Trapped in the declining centers of our cities are the poor and the victims of discrimination—who lack the resources to solve their problems without outside help.

This budget provides funds to help meet these needs. Outlays for grants and loans for programs directed specifically at community development will total an estimated $1.3 billion in 1968, triple the level in 1963. Moreover, other programs providing aid to urban areas will make substantial additional amounts available.

I have directed that community development programs emphasize aids for the poor. The recently enacted program of rent supplements is an essential element in helping the needy obtain adequate housing facilities and increasing their freedom of choice as to where they can live. To carry on this important program, I am requesting the full amount authorized for rent supplements for 1968, and urge the Congress to act favorably on this request.

To be effective, concerted attacks on city problems must be planned by the cities themselves. The new model cities program is now the primary incentive provided by the Federal Government to accomplish this objective. Special grants will be made to help transform entire blighted areas into attractive and useful neighborhoods. To receive these grants, cities must:

- Develop imaginative and comprehensive plans of action; and
- Enlist Federal, State, local, and private resources in a concerted effort to bring their plans to fruition.

Many cities are now planning their programs. It is essential that the funds I am requesting for these special grants be available in 1968 when these cities are ready to begin the task.

Under a new program enacted last year, further encouragement will be given to the planned development of entire metropolitan areas. Supplementary Federal grants will be made under 10 Federal aid programs in those metropolitan areas which demonstrate that they are carrying out through joint planning efforts all activities which affect metropolitan development. I urge enactment of the appropriations requested for this program.

One of the most serious difficulties in solving city problems is our inadequate knowledge about the roots and nature of these problems. I urge that sufficient funds be provided the Department of Housing and Urban Development to start a systematic research effort to acquire needed information on the causes and possible solutions for the housing and urban problems which we face today.

To be effective, our aids for community development must be put to use by competent, well-trained local employees. I am therefore requesting the appropriation of funds to initiate the authorized program for grants to States to help them provide training for State and local employees in community development programs.

The problems of the city are many; the resources, limited. More resources are essential if we are to build better cities for the future. We must start now to provide them.

Health, Labor, and Welfare—The 89th Congress enacted a far-reaching series of programs to improve the health and well-being of American citizens—particularly the less fortunate.

In the year ahead we must proceed to carry out these programs effectively, and seek the revisions and additions needed to maintain our progress. This budget so provides.

Health—The specter of inadequate health care is being removed from the aged and needy as we move ahead with the new Medicare and Medicaid programs, and with other activities aimed at bringing comprehensive modern treatment to all. With expanded Federal aid, more medical resources will become available, including medical facilities and qualified health personnel—The Nation's system for providing health care—public and private—will be improved to make it more efficient and to insure use of the latest advances of medical science.

In 1968, we will:

- Strengthen our partnership with the

States in health planning and in using broader and more flexible grants to fill gaps in health services.

- Begin operating the new regional medical programs which will narrow the gap between the advanced methods used at university hospitals and day-to-day medical practice in the community.
- Continue research and development to prevent or control diseases.
- Expand programs to increase efficiency in hospitals, clinics, nursing homes, and neighborhood health centers.

Additional measures are needed and will be proposed to:

- Extend Medicare to disabled workers.
- Expand child health services, including dental care.
- Reduce the menace of air pollution which is a threat to the health and safety of our citizens.

Labor and Manpower—My budget proposals provide increased opportunity for the disadvantaged to participate in and contribute productively to our expanding economy.

- I am recommending funds for 280,000 trainees under the Manpower Development and Training Act, an increase of 30,000 over the current year.
- Programs under the Act and those of the United States Employment Service will continue to emphasize serving the severely disadvantaged.

In addition, under programs financed by the Office of Economic Opportunity, 355,000 jobs and training will be made available for youths in the Neighborhood Youth Corps. An estimated $328 million will be provided for expanded work-training programs, primarily for adults, with special emphasis on reaching the hard-core unemployed and underemployed in slum areas.

Economic Opportunity Programs — Poverty remains an ugly scar on the Nation's conscience. The war against it will be long, difficult, and costly. But we are making headway.

The $2.1 billion of new obligational authority included in the 1968 budget for the Office of Economic Opportunity will enable us to expand programs which help people rise out of poverty. The increase of $448 million over the 1967 level will be used largely for community action programs, for training programs, and for new Head Start follow-up efforts.

In addition to those helped by the work-training programs described above, the budget will provide for:

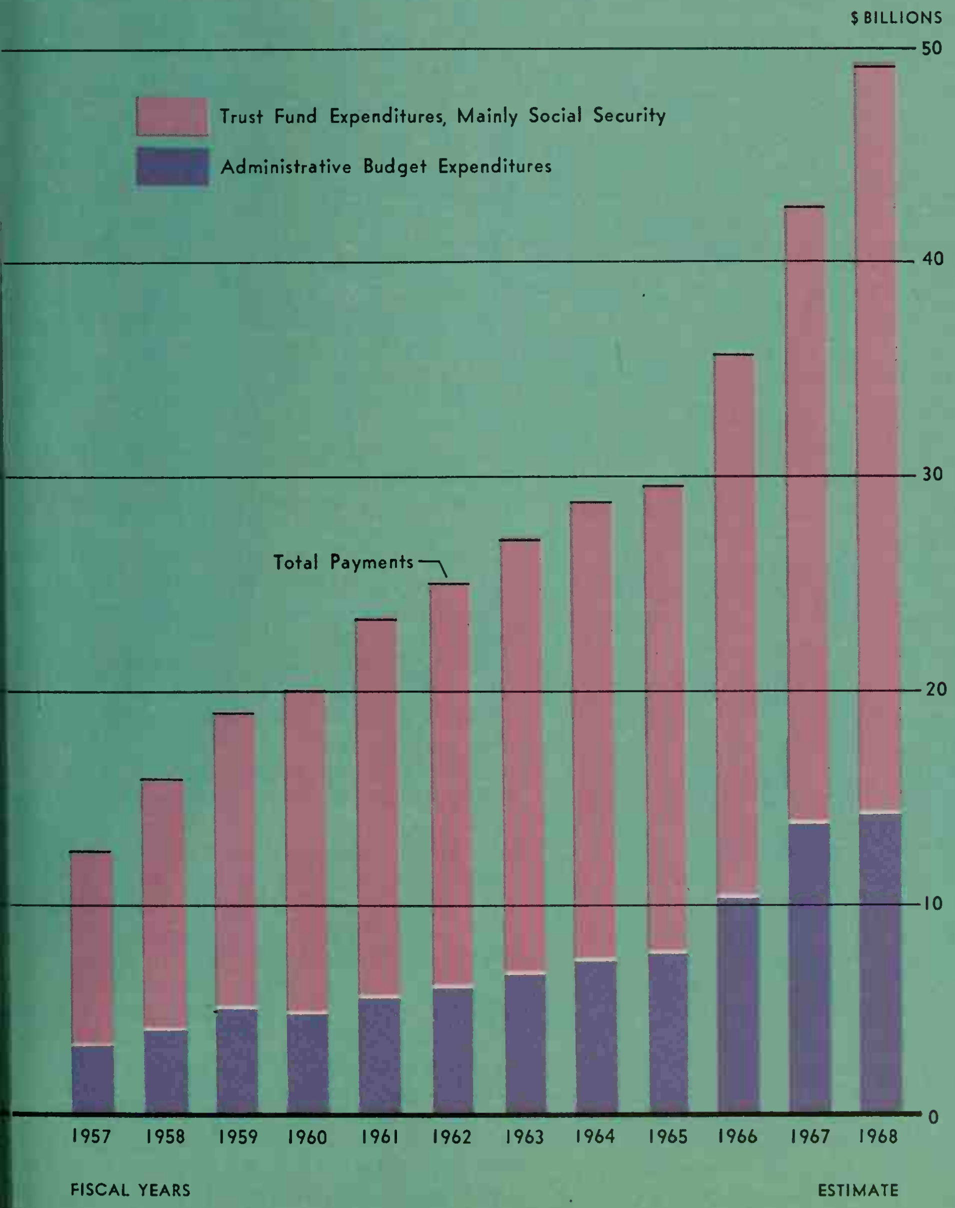
- 737,000 children in Head Start.
- $135 million for improving primary school services as a follow-up to Head Start.
- 38,000 enrollees in the Job Corps.
- 6.5 million persons to be served through other activities by 1,100 community action programs.

Benefits and services which aid the poor are being provided by a number of Federal agencies. In total, 10 agencies will devote $25.6 billion in 1968 to help the more than 31 million poor people in our Nation. This represents an increase of $3.6 billion or 16% from the current year, of which $2.0 billion will be from trust funds.

Social Security and Public Assistance Programs—More than a third of our citizens receiving social security exist on incomes below the poverty level. Cash assistance to welfare recipients generally fails to meet even State standards of need, which are often unrealistically low. And many of the poor are not even eligible for this meager assistance. As a step toward correcting these inequities, I will propose legislation to:

- Provide an overall 20% increase in Social Security benefits for retired workers and their survivors, with a 59% increase at the bottom of the scale;

PAYMENTS FOR HEALTH, LABOR, WELFARE, AND EDUCATION



FEDERAL AID TO THE POOR
[FISCAL YEARS. IN BILLIONS]

CATEGORY	1960 ACTUAL	1963 ACTUAL	1967 ESTIMATE	1968 ESTIMATE
Education and training	$0.3	$0.3	$3.1	$3.8
Health	.7	1.0	3.6	4.2
Cash benefit payments	8.3	10.4	12.8	14.6
Services, economic and community development, and other	.7	1.2	2.5	3.1
Total funds	9.9	12.9	22.0	25.6

PUBLIC DEBT AT END OF YEAR
[FISCAL YEARS. IN BILLIONS]

DESCRIPTION	1965 ACTUAL	1966 ACTUAL	1967 ESTIMATE	1968 ESTIMATE
Owned by Federal agencies and trust funds	$63.0	$66.5	$74.9	$80.0
Owned privately and by Federal Reserve banks	254.8	253.8	252.4	255.4
Total	317.9	320.4	327.3	335.4

- Assure that the public assistance program provides incentives for work and training and more nearly meets economic need;
- Assure public assistance support and work training opportunities for unemployed fathers in impoverished families with dependent children.

Education—Our Nation's greatness depends upon the full development of the talents and abilities of its citizens.

The 89th Congress wrote a memorable record in education legislation. The Elementary and Secondary Education Act of 1965 and the Higher Education Act of 1965 marked a significant advance in Federal support to help improve and enlarge educational opportunities at all levels. Our task now is to use this authority in an imaginative, creative, and responsible way.

New obligational authority for education will total $5.2 billion in 1968, $622 million more than in 1967. These funds will be used to:

- *Assist the disadvantaged* by increasing grants to improve elementary and secondary education for about 8½ million less fortunate children from low-income families and by providing new grants for education of handicapped children;
- *Encourage creative change* through an increase of almost 80% in grants for supplementary centers and other special projects designed to introduce better teaching and innovation in our educational programs.
- *Widen higher educational opportunities* by providing more than $1.1 billion in scholarships, loans, and part-time work for students, a 22% increase over 1967; and
- *Improve teacher training* through additional funding and amendments providing for a more flexible use of legislative authority.

I will propose legislation to:

- Extend and enlarge the Teachers Corps;
- Initiate experimental projects to improve vocational education, particularly for the disadvantaged and those not planning to attend college;
- Extend and expand Federal support for educational television; and
- Strengthen education program plan-

ning and evaluation by State governments and localities.

Veterans Benefits and Services—This Nation continues to recognize a particular obligation to those who have served in the Armed Forces. Special programs have long been available to aid the veteran and his dependents in the event of disability, death, ill health, or old age.

More recently, following World War II and the Korean conflict, extensive programs were enacted to assist the veteran in his readjustment to civilian life. In the second session of the 89th Congress, this type of assistance was again provided, through enactment of the third major veterans readjustment benefit program or "GI bill." Upon leaving the Armed Forces, young men of recent military service will find their readjustment made easier through the availability of substantial education, training, medical, and home loan benefits.

In addition, the 1968 budget continues the improvements of the past few years in hospital staffing and the provision of new medical services and facilities. The objective is to provide both a higher quality of care and to reduce the duration of hospitalization, enabling the veteran to return sooner to his home and job.

Certain gaps currently exist in the benefits available to veterans of service in Vietnam relative to those for veterans of previous active military operations. I will propose legislation to fill these gaps so that fair and equitable treatment is provided for those who bear the brunt of the struggle in Southeast Asia. I will also submit proposals to the Congress to remove or modify certain long-standing but outmoded or inequitable provisions of law governing veterans programs.

General Government—This Administration is determined to help our States and cities reduce crime in America. Significant strides have already been taken. The Law Enforcement Act of 1965, the Bail Reform Act of 1966, and the Prisoner Rehabilitation Act of 1965 have helped to strengthen law enforcement agencies, establish more equitable bail procedures in Federal courts, and improve the effectiveness of prisoner rehabilitation programs.

However, still greater efforts must be made. In 1965, I appointed a Commission of prominent citizens to study law enforcement and the administration of justice. With the aid of its findings, I will propose legislation for a major new program to help strengthen State and local government law enforcement and criminal justice systems.

District of Columbia citizens should have a voice in their own affairs. Our commitment to democracy demands no less. I again urge the Congress to grant home rule to the Nation's capital.

PUBLIC DEBT

On the basis of the receipts and expenditures estimated in this budget, the public debt on June 30, 1967, will be $327.3 billion, and will increase to $335.4 billion on June 30, 1968.

The temporary limit of $330 billion on the public debt under present law will expire on June 30, 1967. If no action is taken, the limit will revert on that date to the permanent ceiling of $285 billion.

The present temporary debt limit, enacted last June, was based on an estimated administrative budget deficit for fiscal year 1967 of $1.8 billion. The request then made to the Congress was for a temporary debt limit of $332 billion. In reducing this request by $2 billion, the Congress indicated that if increased costs for Vietnam or other contingencies required reappraisal of this tight limit, the Congress would take whatever action is necessary.

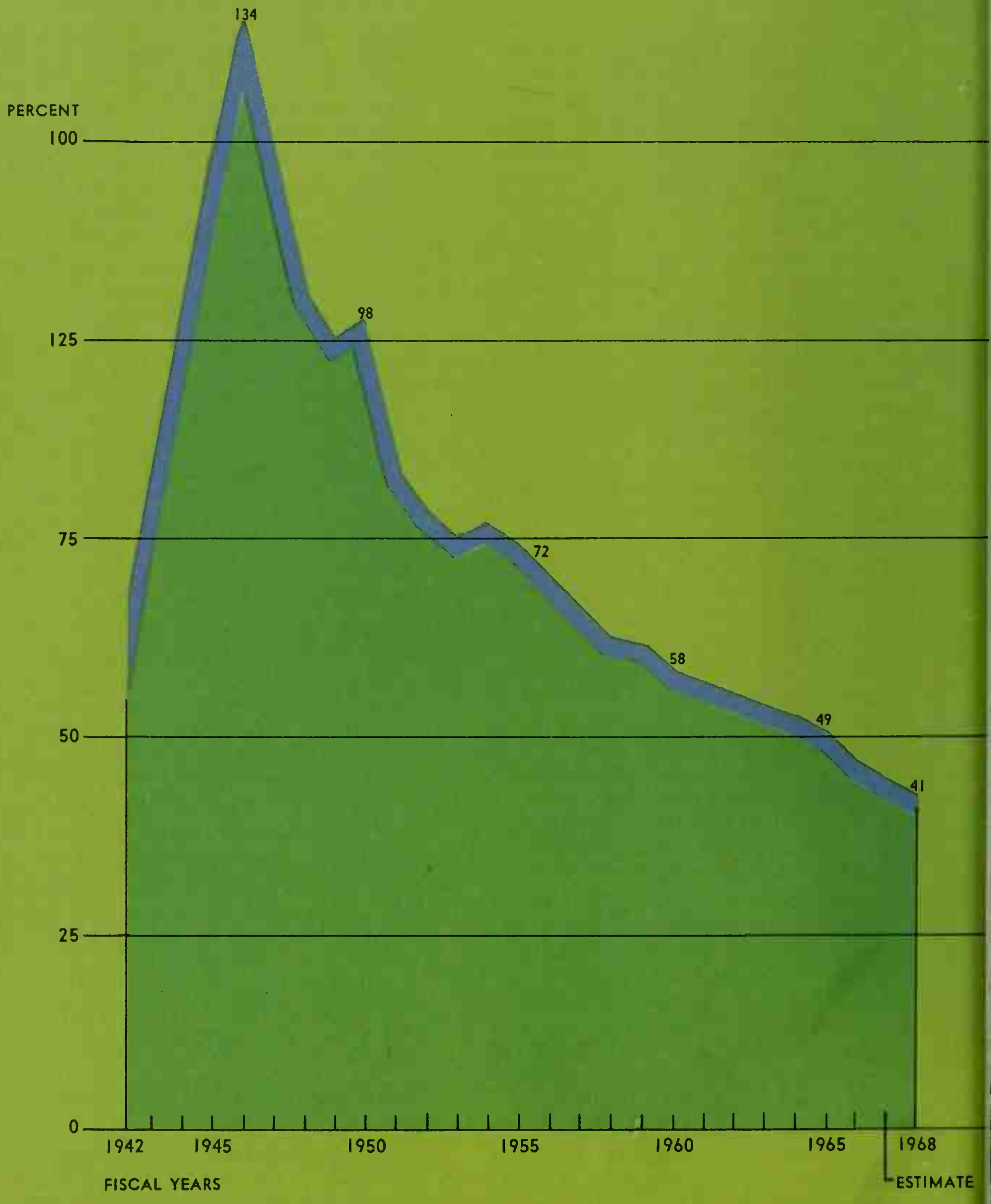
The increase in the 1967 deficit, coupled with the tightness of the current limit on the outstanding debt, make an immediate increase imperative. Without such an increase, management of debt operations and other fiscal policies will be seriously hampered.

Later this year, when the fiscal requirements for 1968 are more precisely known, specific recommendations will be presented for modifications in the temporary limit for that year. The exact amounts of the revisions in the temporary limit will depend not only on the specific outlook for the fiscal year as a whole, but also on the time pattern of receipts and expenditures in prospect.

Both for 1967 and 1968 the debt limits requested will provide the margin of flexibility necessary to manage the debt most prudently—to permit the Treasury to take full advantage of the most favorable market conditions and thus avoid unnecessary interest costs or adverse effects on the economy.

IMPROVING GOVERNMENT MANAGEMENT

In the past few years, the Federal Government has undertaken an unprecedented number of forward-looking programs which promise to enrich the quality, the justice, and the opportunity of American society to an extent no one



PUBLIC DEBT AS A PERCENT OF GROSS NATIONAL PRODUCT would have dared hope only a few short years ago.

But our responsibilities to the American people are not discharged with the enactment of new programs which meet the needs of the Nation. There exist two other closely related obligations of equal gravity:

First, we are obligated to assure effective and economical management of governmental programs—both old and new. *Effective* management of government activities enhances the benefits of those programs. *Economical* management releases resources for the people's use.

Second, we are obligated to maintain close and harmonious working relationships with State, county, and local governments—our partners in a new and creative federalism.

Government Organization—We have made significant strides in the last two years to improve Government organization—

- By creating the Departments of Transportation and of Housing and Urban Development.
- By transferring the Community Relations Service to the Department of Justice and the Federal Water Pollution Control Administration to the Department of the Interior.
- By reorganizing the Public Health Service of the Department of Health, Education, and Welfare, the scientific programs of the Department of Commerce, and the Bureau of Customs.

But additional action to improve the management of the Federal Government is necessary. One of the Government's major objectives is the promotion of a vigorous and growing economy. While there are many ways in which the Government pursues this objective, there are a number of highly inter-related activities now carried on separately by the Departments of Labor and Commerce and several other agencies:

- Planning and execution of manpower programs designed to increase the skills and productivity of the labor force;
- Promotion of the economic development of depressed areas and regions, to help them achieve balanced economic growth;
- Provision of technical and other services to business and labor;
- Collection, dissemination, and analysis of data about economic conditions of the Nation, its various industries, and its geographic areas;
- Advising the President and carrying out national policies for improved labor-management relations.

The Secretaries of Commerce and Labor have recommended to me, and I strongly agree, that the President, the Congress and the Nation will best be served by bringing together these closely related operations into one institution headed by a single responsible official of Cabinet rank. I will, therefore, propose legislation to merge the Departments of Labor and Commerce and the functions of several related agencies into a new Department of Business and Labor.

Federal-State-Local cooperation—Our agenda must give high priority to a stronger and more effective federal system of government in the United States. To meet urgent and growing needs, the Federal Government is providing a wide range of programs to assist State and local governments. Now the chief task is to manage these programs efficiently at every level of government to assure the most effective public services. This effort will require support and action by the Congress.

At the national level the Federal Government has a responsibility to examine and improve the grant-in-aid system, making it more flexible and responsive to State and local fiscal realities. Last year we began a new partnership in health program through which numerous separate grant programs are being brought together. The model cities legislation enacted last year will also help to integrate the wide range of Federal aids available to communities. In the coming year we will examine other areas of Federal aid to determine whether additional categorical grants can be combined to form a more effective tool for intergovernmental cooperation.

Another aspect of the problem of intergovernmental cooperation has been the process of consultation with elected officials of State and local governments on matters concerning the development and administration of Federal assistance programs. Governors and local chief executives are responsible for the management of their units of government. The Federal Government should take all practical steps to increase the role of these executives in the administration of federally aided programs. I recently instructed Federal officials to work directly with State and local chief executives to accomplish this objective.

The Federal Government has a vital stake in the workings of our federal system. Federalism is not a one-sided partnership, and the States and local governments do not exist simply to carry out programs on behalf of the National Government. When we lose sight of these facts the federal system suffers, governments work at cross purposes, and the programs fail to achieve their objectives. Our task now is to improve Federal programs and administration, while we do more to help State and local governments strengthen their machinery for planning and management.

At the same time, State and local governments must help themselves. Serious problems of modernization in State and local government can be solved only by the people directly concerned. The Federal Government cannot and should not seek to remedy their internal deficiencies of organization or obsolete restraints on financing and executive direction. The Federal Government can, however, increase its technical assistance to general units of government. As one example, we can work with State and local executives to improve budgeting and management. In a similar way, the Federal Government stands ready to cooperate with the States in developing more adequate general systems of comparative statistics—an area where State governments have great needs.

Capable personnel are essential for effective service to the public at the State and local level no less than at the national level. I am recommending legislation to broaden educational and training opportunities for students planning careers in the public service and for public employees who desire to improve their skills. Provision will also be made for financial and technical assistance to strengthen State and local personnel management and to permit interchange of personnel between the Federal Government and State and local governments.

Some States have created special offices concerned with community development, which focus their organizational and financial resources on urban problems within their borders. The work of these offices can be made more effective, and other States can be encouraged to make similar efforts, by the new program authorized last year for grants by the Department of Housing and Urban Development to States to support technical assistance and information services to their local communities. I urge the Congress to stimulate such improvements by providing the funds I am requesting for this new program.

Budgetary Concepts—As I have already made clear in this Message, some of our traditional budget concepts do not adequately portray the Federal Government's activities. The conventional administrative budget, for example, excludes the expenditures and receipts of the trust funds. Both the administrative and cash budgets treat repayable loans in the same way as nonrepayable grants or purchases. While the national income accounts budget has been carefully formulated to measure Federal activities in relation to the flow of income and production in the economy, it is not now well suited for an analysis of individual Federal programs.

For many years—under many Administrations—particular aspects of the overall budget presentation, or the treatment of individual accounts, have been questioned on one ground or another.

In the light of these facts, I believe a thorough and objective review of budgetary concepts is warranted. I therefore intend to seek advice on this subject from a bipartisan group of informed individuals with a background in budgetary matters. It is my hope that this group can undertake a thorough review of the budget and recommend an approach to budgetary presentation which will assist both public and congressional understanding of this vital document.

PLANNING-PROGRAMING-BUDGETING SYSTEM

Our most comprehensive effort to improve the effectiveness of Government programs is taking place through the Planning-Programing-Budgetary system. This system, which was initiated throughout the executive branch a little over a year ago, requires all agencies to:

- Make explicit the objectives of their programs and relate them carefully to national needs;
- Set out specific proposed plans of work to attain those objectives; and
- Analyze and compare the probable costs and benefits of these plans against those of alternative methods of accomplishing the same results.

This system is primarily a means of encouraging careful and explicit analysis of Federal programs. It will substantially improve our ability to decide among competing proposals for funds and to evaluate actual performance. The full effects of this effort will not be felt until next year and later, as the necessary data are gathered and analyses now in progress are completed.

A few examples of the kind of work which is in progress indicate the wide range of matters to which organized analysis and programing can be applied.

Disease Control—The Department of Health, Education, and Welfare has completed an analysis of the relative cost and effectiveness of selected disease control programs. Cost per life saved and other criteria of relative effectiveness were developed. These programs are being reviewed and funding priorities are being re-examined in light of these findings.

Child Health—The Department of Health, Education, and Welfare completed an analysis of alternative programs aimed at reducing infant mortality and improving child health. This analysis led to the legislative program focused on early identification and treatment of needy handicapped children and experimental projects aimed at improving delivery of medical care to children.

Urban Planning—Experimental projects in urban planning designed to link planning with budgeting are underway at the local level. These efforts should produce a more effective allocation not only of Federal outlays but also of local resources.

Agricultural Research—On the basis of a long-range study conducted by the Department of Agriculture and the land grant universities, a new set of priorities for agricultural research has been established. Increasing emphasis is being given to research on improvement of nutrition and health, efficient low-cost housing, improved community services, and other means which can help directly in raising the level of rural living.

Tax Administration—As a result of intensive analyses of the tax administration system, Internal Revenue Service programs have been steadily improved to produce higher tax collections per dollar of cost, while strengthening the emphasis on equity and voluntary compliance on which our tax administration is based.

With its emphasis on developing better methods of accomplishing program objectives, the new planning-programming-budgeting system is also helping our Government-wide cost reduction program. We will continue to offset a significant part of increased costs of important new programs by increasing efficiency throughout the Federal Government. Savings from this source have been substantial during the past year under our drive for cost reduction. I have made it clear to the heads of all Departments and agencies that they are to continue their emphasis on cost reduction in the coming year.

The careful research and analysis which is required under the planning-programing-budgeting system does not just happen. It requires the efforts of intelligent and dedicated men and women. The number of analysts required is not large—but the need for them is great. I urge the Congress to approve the funds requested in the budgets of the various Federal agencies to make possible this improvement in the management of Federal resources.

CONCLUSION

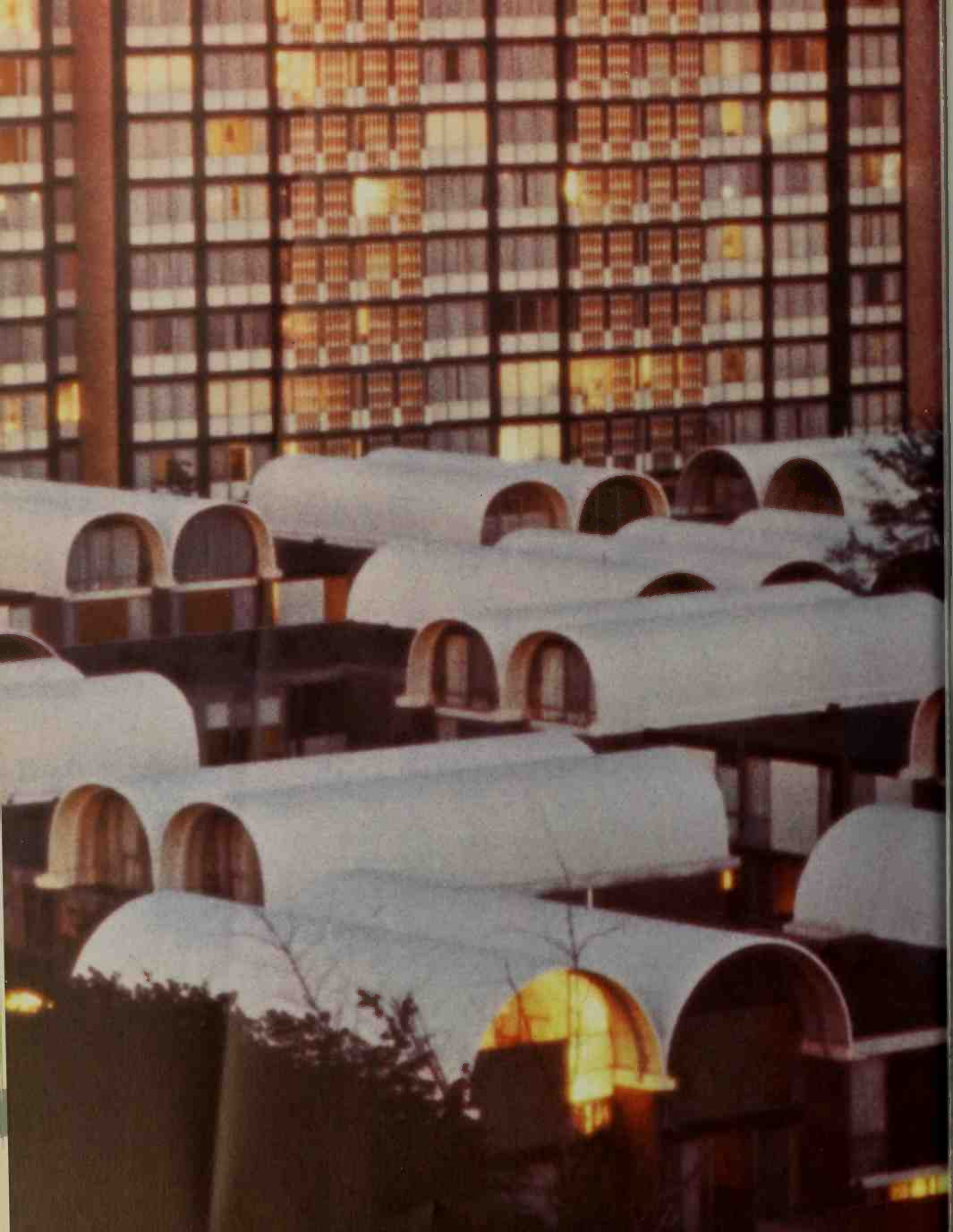
Our Nation is stronger today than ever before. We need not, indeed we dare not, forsake our basic goals of peace, prosperity, and progress.

- The pursuit of peace is essential for the continued advancement of our Nation and all mankind.
- Prosperity and progress will lead us toward a society where all can share in the bounty of nature and the products of man's ingenuity and creativity.

At various times in the past, democracies have been criticized for their seeming inability to make hard choices—for seeking soft, easy answers to critical problems. This Nation has proven the doubters wrong time and again, and will not fall prey to such weakness now.

We can afford to achieve our goals. Let us not retreat from the task, no matter how demanding it may be.

This budget represents a careful balance of our abundant resources and our awesome responsibilities. As President, I have weighed the alternatives and made the hard choices as best I could. The responsibility for similar action now rests with the Congress. I urge your support for the goals and programs embodied in this budget for the coming fiscal year.



CHALLENGE IN THE NATION'S CAPITAL

Message on the District of Columbia Budget, January 25, 1967

To the Congress of the United States:

I present the budget for the District of Columbia for the fiscal year beginning July 1, 1967.

Notwithstanding increased attention to the District of Columbia by the Federal Government in recent years, there is persuasive evidence that much remains to be done if the Nation's Capital is to be a capital in which all Americans can take pride. Problems of housing, education, employment, crime and a rapidly changing racial balance—the problems of most large American cities—are critical. Now, not later, is the time to attack them.

American citizens have a right to express themselves at the polls about the people to run their governments. The citizens of the District must be given a voice in their own government through home rule. I believe that the last Congress should have granted home rule to the citizens of the District, and I urge the present Congress to give them home rule.

Two recent reports underscore the urgency of the District's needs. A 4-year study completed in August 1966 under a grant from the Department of Housing and Urban Development found a gradual worsening of the physical, social and economic conditions of the District. The report concluded that to do no more than just "hold the line" will require $175 million in additional funds over the next 8 years. To make "substantial inroads" on present conditions will require $750 million over that same period, and a course of "total action toward solving the problems" would require additional expenditures of $3 billion between now and 1975. This is a measure of the magnitude of what we are facing and of the inadequacy of our past efforts.

The other report completed last month, is that of the President's Commission on Crime in the District of Columbia. The Commission recommends many changes in the agencies and programs directly concerned with crime, some of which are reflected in this budget. The Commission also expressed its concern at inadequacies in other District programs—in employment, housing, education, health, welfare and recreation. Significantly, it adds that if these deficiencies in community life "are allowed to continue or to worsen, it will be difficult to formulate solutions to our crime problems, no matter what action is taken in the police, court or correctional fields."

I shall shortly transmit to the Congress proposals to enable the District to come to grips with its needs. It must move forward, not stand still or fall back.

The budget which I am presenting reflects the needs of the present. However, the District must prepare for greater efforts in the years ahead and it must consider sources of new revenue. To do so successfully, it must have the best advice and assistance possible. I will therefore include in a 1967 supplemental budget for the District, which I will shortly transmit to the Congress, $200,000 for an independent study of the entire range of District revenue sources, actual and potential, to determine what changes should be made in its fiscal policies and tax structure. I would expect the study to be completed in time for consideration with the District's budget for fiscal 1969.

The Federal Government, of course, must meet its own responsibilities to the District. It is our Capital City. The Federal Government depends for its own proper functioning on a healthy and stable District. Moreover, the District, as the heart of a rapidly expanding, prosperous metropolitan area, directly affects the character and livability of the entire region. Self-interest as well as proper pride in our Capital dictates that the Federal contribution to the city's revenues be completely adequate.

In my judgment, the Federal contribution is not yet at that level. Large but essential increases in District expenses have not been adequately matched by increases in the Federal payment. For that reason, I am again recommending to the Congress that the basis for determining the authorized Federal payment to the District be established as a percentage of basic local tax revenues.

This basis is not only more equitable for the present, but also will maintain an equitable balance into the future as changes occur in the tax burden of the District taxpayers. Revenues will be more predictable and forward planning of District programs will be more meaningful. In fiscal 1968, based on the current estimate of the specified tax revenues of $282.3 million, this basis would fix the authorization at $70.6 million—$10.6 million above the present authorization of $60 million. In fiscal 1967, this basis would have fixed the authorization at $64 million. The change in a period of only 1 year illustrates the need for a basis which will continue to reflect a fair apportionment of the costs of general District government between District taxpayers and the Federal Government.

Another aspect of District finances is also vitally in need of revision. The District is now compelled to borrow for its capital expenditures from the Treasury. The total of such borrowings for the general fund—which, of course, must in each instance be approved in the appropriation bills—cannot now exceed the fixed amount of $290 million. Repayments by the District are not taken into account; once the authorized amount has been borrowed the District's authority is exhausted, even though its outstanding obligations may be less than the $290 million authorized.

This type of authorization is both unnecessary and unfair. The District should not, of course, borrow beyond its needs, which the Congress evaluates in appropriation bills. Neither should it borrow beyond its capacity to repay; but that capacity, rather than an arbitrary dollar limit, should be the measure of its maximum permitted debt. I will, therefore, also propose legislation which will create a District debt ceiling related to the annual amount of general fund revenue, including the authorized Federal payment and using the same general fund tax revenue base proposed for the Federal payment authorization. A fair limitation—6%—of such revenues for debt service would permit a debt ceiling of $335 million in fiscal 1968. This is $45 million above the present authorization, and will, of course, permit the District to take advantage in the future of any portion of its present obligation which it has repaid.

These changes in the Federal payment authorization and in the District's borrowing authority are needed now. The Commissioners, on their part, intend to increase the real and personal property tax rates by 20 cents per $100 of assessed valuation, to produce an estimated additional revenue of $8 million. The District is also continuously seeking to reduce costs and improve management. For example, its cost reduction program has:

- Saved $500 thousand in simplification of paperwork.
- Saved $57 thousand annually and some 50,000 police man-hours, by use of special school crossing guards.
- Saved $250 thousand during the past 2 years by disposal of obsolete records to release prime office space.
- Saved $97 thousand annually in clerical time by simplifying police field reports.
- Reduced inventories by $100 thousand by using computers for improving inventory management.

Efforts to eliminate unnecessary expense and improve management, and the added financial resources proposed, will permit an expenditure budget for fiscal 1968 which is appropriate to the District's requirements, both for operating expenses and for catching up on a major backlog of sorely needed capital projects. A table summarizing the District's budget and a description of significant budget proposals follow:

EDUCATION

Operating funds for the public school system in 1968 require $101 million, an increase of $14.5 million over 1967.

The urgent need further to improve District schools has been emphasized not only in a recent congressional investigation and report, but also in the report of the Commission on Crime in the District of Columbia. The deficiencies are substantial, and they are serious. Education for every child to the limits of his capacity is basic to all other efforts. To achieve this goal in the District, the quality of education must be improved, the needs of children from deprived and inadequate family backgrounds must be

AUTHORIZATIONS AND FINANCING

(IN THOUSANDS OF DOLLARS)

	1966 ACTUAL	1967 ESTIMATE	1968 ESTIMATE
Education:			
Operating expenses	75,641	86,529	101,028
Capital outlay	17,569	27,213	63,270
Welfare and health:			
Operating expenses	80,958	90,945	106,809
Capital outlay	6,014	2,572	5,889
Highways and traffic:			
Operating expenses	14,203	15,350	16,307
Capital outlay	9,852	15,455	18,501
Public safety:			
Operating expenses	79,957	91,591	92,295
Capital outlay	1,687	1,630	3,773
Parks and Recreation:			
Operating expenses	11,052	13,360	17,619
Capital outlay	1,035	1,253	4,105
General operating expenses:			
Operating expenses	20,536	23,507	27,570
Capital outlay	2,110	898	13,705
Sanitary engineering:			
Operating expenses	23,257	24,708	26,625
Capital outlay	12,547	12,747	17,516
Repayment of loans and interest	5,690	6,077	7,790
Payment of D.C. share of Federal capital outlays	987	1,350	1,247
Contribution to rail rapid transit system	2,000	4,527	....
Judgments, refunds, and other expenses	3,983	980	1,851
Total new obligational authority	369,078	420,692	525,900
Distribution of new obligational authority:			
General fund	(325,984)	(367,207)	(464,687)
Highway, water and sewage works funds	(43,094)	(53,485)	(61,213)
Proposed for later transmittal:			
Police pay increase—proposed legislation	....	220	1,327
Plans for new D.C. colleges—existing legislation	....	....	500
Reserves for indefinite appropriations	39	1,040	940
Funds required in subsequent years to pay obligations for capital projects (net)	—1,750	—2,851	—16,964
Total financial requirements	**367,367**	**419,101**	**511,703**
Revenues and balances:			
Taxes, fees, etc.[1]	293,802	321,562	353,046
Federal payment:			
Existing legislation	44,250	60,000	60,000
Proposed legislation	....	....	10,600
Loans for capital outlay:			
Existing legislation	28,312	37,527	49,600
Proposed legislation	....	....	34,200
Funds released to surplus	2,841	3,618	4,720
Beginning and end of year balances (net) [2]	—1,838	—3,606	—463
Total revenues and balances	**367,367**	**419,101**	**511,703**

[1] Includes increases in real estate taxes from $2.70 to $2.90 per $100 assessed valuation and in personal property taxes from $2.00 to $2.20 per $100 of assessed valuation in fiscal year 1968.

[2] Balances are in the highway, water and sewage funds. No general fund balance estimated in 1967 or 1968.

given more attention, and the physical plant must be expanded and modernized. The budget reflects the urgent need to accomplish each of these objectives as quickly as possible.

Improving the Quality of Education—With the funds provided in the budget the quality of education will be improved by:

- More support, through additional teachers, for elementary school instruction in such fields as science, mathematics, music, art, physical education, and foreign languages.
- Added professional help for schools of all levels in such areas as reading, speech, curriculum, library science, guidance, history and business education.
- An internship program to assist teachers in their first year of teaching through in-service training.
- Attaining Board of Education standards for librarians and counselors: a librarian for each school where facilities are available, and a ratio of counselors to pupils of 1:750 in elementary schools and 1:400 in the secondary schools.
- Beginning a reduction in class sizes in schools where space is available. Regular academic pupil-teacher ratios in junior and senior high schools will be reduced from 25:1 to 21:1. Because of space limitations, the goal of a ratio of 24:1 in elementary schools must await the construction program.
- Additional assistant principals in elementary schools to improve school administration and instructional supervision.

Meeting the Needs of the Disadvantaged—The funds provided in the budget will also help to meet the needs of children whose background and family resources are inadequate. Nearly half the pupils in the District's schools come from areas where the average family income is under $5,000. Funds from Federal programs have helped to enrich the school experience of these children, but more is necessary. The budget will—

- Provide teachers who can give individualized instruction to pupils who can be helped by more teacher attention provided through team teaching, ungraded classrooms, smaller class arrangements, seminars, and tutorial assistance in after-school study.
- Initiate a pre-kindergarten program for 3,000 children, to convert the Head Start approach into a full-year program.
- Provide help to approximately 60,000 students in remedial reading.
- Double the present number of pupil personnel teams to provide help both to pupils and to teaching personnel in determining the abilities and emotional stability of children.
- Expand the school lunch program.
- Provide matching funds to qualify for teachers from the National Teacher Corps.

Constructing and Equipping Schools—Funds in the amount of $63.3 million are provided in the budget for various phases of school construction. This is a substantial increase over past levels, but it is a more current assessment of the need. There is no economy in delay. On the contrary, postponement of essential facilities condemns many students to educational handicaps that will endure throughout their lives. The budget is intended to reflect urgency.

It will provide funds for:

- Construction of 17 projects for which site and planning funds have already been appropriated—including 2 new elementary schools, 2 elementary school replacements, additions to 12 other schools, and an addition to the school warehouse.
- Equipment for elementary and junior high construction projects already funded.
- Planning and construction funds for three elementary and one senior high school additions.
- Site and planning funds for 28 school projects.
- Seventy-five portable pre-kindergarten classrooms for the most seriously deprived areas of the District.
- An addition to Sharpe Health School, and a new school for the severely mentally retarded.

Funds are provided for the construction of a new Shaw Junior High School, for which the Congress provided special legislation in 1966. Funds to enable the Board of Vocational Education and the Board of Higher Education to begin planning for the two new institutions authorized by Public Law 89-791 can be supplied from existing resources in 1967. Provision is made in the budget for financing the two Boards in 1968.

CRIME

The budget reflects my continuing concern that people who live, work and visit in the Nation's Capital must be safe in their persons and their property. The continuing increase in the District's rate of crime demonstrates that our efforts thus far have not been adequate. The President's Commission on Crime in the District of Columbia has now given us a measure of our needs and of the steps to be taken. Its recommendations are being carefully evaluated, and a great many of them are reflected in the budget.

I will shortly be proposing legislation to carry out other recommendations which require legislative approval.

The attack on crime must be on a broad front. The Police Department must be provided with adequate resources. No less must be made available to the courts, the prosecutors, the Department of Corrections, and to all of the youth-serving agencies that seek to prevent delinquency, and to help young offenders become law-abiding citizens. The budget reflects much of this need.

Strengthening the Police Department—For the Police Department itself, the budget provides:

- Additional civilian positions and additional computer services to carry forward the planning and information activities of the Department. When these activities are fully staffed, they are estimated to achieve greater manpower utilization in the Department equivalent to 600 additional policemen.
- Additional civilians to relieve policemen from clerical duties, and to assist in improving the Department's community relations, training, recordkeeping, and criminal investigations.
- Additional sergeants—from a ratio of 1:20 patrolmen to 1:9—to improve the supervision of patrolmen.
- Increases in the Police Cadet program and in the number of school crossing guards.
- Increased police mobility through additional automobiles.

The 1967 supplemental budget for the District will provide an additional $420-000 to expand and modernize the police communications system.

I shall also transmit to the Congress a bill to provide an increase in the salaries of the Police Department, to be applied principally in the lower ranks as an aid to recruitment of policemen of high quality. The 1967 supplemental budget will request funds to make this increase effective on May 1, 1967. This increase along with that already authorized by the 89th Congress and the District's more successful recent recruiting efforts should bring the Department very near its authorized strength in fiscal 1968. A direct result of this will be a saving of $2 million in tactical force operations, since there will be a sharp decrease in the need to staff this force on an overtime basis by the use of patrolmen on their day off.

Crime Prevention and Other Criminal Justice Programs—These improvements in the Police Department will fail to realize their full potential, however, unless improvements are also made in other areas. The crime prevention budget, therefore, also includes funds for:

- A major increase in the staff of the Roving Leader program, which has had marked success in working with youth gangs and delinquency-prone young people.
- Stepping up sharply the transfer begun in fiscal 1967 of children from large institutions to group shelters, foster and pre-release homes. Funds are provided to add 20 group foster homes to the 6 funded in 1967 and to provide 8 youth group homes for delinquent children. The savings in cost to the District will be substantial because the present system of institutional care is expensive.
- Additional child support and probation workers for the Juvenile Court.
- A research unit to permit the Juvenile Court to determine how to improve its operations and procedures.
- Strengthened court services, including increased legal assistance to indigents in the Court of General Sessions.

New Facilities—The budget also reflects the urgent recommendation of the Crime Commission that if the war on crime is to be effective, major improvements are needed in the District's physical facilities. Funds are provided to construct, at Blue Plains, the new police training facility. Survey funds are included to make comprehensive studies for a modern detention and diagnostic facility to replace the D.C. jail, for new court facilities, and for a modern facility to replace the present Receiving Home. Funds are also provided for plans and specifications for an alcoholic treatment center at D.C. General Hospital, which will continue and improve the adjustments made necessary by the long overdue removal of the chronic alcoholic from the criminal process.

HEALTH

The budget provides a total of $66.5 million for the operation of public health

and vocational rehabilitation programs for 1968, an increase of $8.2 million over 1967. These funds are needed to improve a variety of services, and to remedy some serious deficiencies.

The Department of Public Health has made impressive gains in recent years. Much more will be possible, with additional Federal assistance, when present laws are amended to permit the District to join the many other States which are receiving Federal assistance in local health activities under Title XIX of the Social Security Act. Under that program, not only will many more District residents receive needed medical attention, but increasing pressures upon both D.C. General Hospital and Children's Hospital will be eased. I urge the Congress to give prompt attention to the necessary legislation.

The budget will maintain the momentum of prior years, and make other essential improvements. It will:

- Increase the number of nurses, nurses' assistants, and the capacity of the nursing school at D.C. General Hospital. These increases, together with the improvement in the recruiting ability of the hospital which will result from the recently announced pay increases for nurses, should materially improve the quality of nursing care at the hospital. More funds are also provided to the hospital for supplies and equipment.
- Provide expanded services for the aged, through a Geriatrics Clinic at the Potomac Gardens public housing project for the aged, and through an increase in home health services.
- Permit payment to contract hospitals and Freedmen's Hospital of their reasonable costs for the services they provide the medically indigent residents of the District, in conformance with the criteria set forth in Public Law 89-97.
- Provide plans and specifications for the Northwest Community Health Center.

The average daily patient load of St. Elizabeths Hospital for which the District is responsible continues to decline. The per diem cost, however, continues to increase so that an additional $3.6 million will be required in 1968.

WELFARE

The budget provides $40.3 million for the Department of Welfare in 1968, an increase of $7.7 million over 1967.

The operations of the Welfare Department continue to reflect efforts to rehabilitate individuals and families, increase their self-sufficiency, and in as many cases as possible assist them to become self-supporting. Funds are provided to maintain the present ratio of social workers to families with dependent children, to complete the basic staffing for two recently established Neighborhood Centers, and to meet additional staff needs for the aged at D.C. Village. Funds are also provided to staff the new District facility which will replace the present National Training School for Boys.

Many special welfare programs have been established in recent years to meet the needs of the less advantaged. The budget will permit intensifying this effort by:

- Expanding the Crisis Assistance and Emergency Family Shelter programs.
- Continuing and improving the training and job placement assistance programs for unemployed parents of needy children. This effort will continue to be closely related to the work training program financed under Title V of the Economic Opportunity Act, and provides for the removal of limitations that now prevent Federal assistance under the Social Security Act.
- Paying the actual rental expenses of public-assistance recipients if their quarters meet building code requirements and a reasonable standard of maintenance.
- Further expanding the Day Care program.

PARKS AND RECREATION

The needs of those agencies concerned with parks and recreation will require $17.6 million, an increase of $4.3 million over 1967.

The additional funds will permit a substantial expansion of supervised reccreational activity. The major portion, $2.5 million, will provide a comprehensive summer program for youth, combining organized recreation with educational and pre-school training. These funds, together with $500 thousand which will be included in the supplemental 1967 budget, are needed to continue and improve the District's summer programs for young people. During the past 2 years District programs have been among the most successful in the United States. Their value can no longer be doubted.

Funds are also provided for more adequate coverage of existing facilities, for more hours of operation of 90 playgrounds recently lighted for night use with the help of private contributions, for an extended summer season for swimming pools, for expanded recreation programs serving the physically handicapped and the mentally retarded, and for staffing the Buchanan playground which will also be improved by a grant from the Astor Foundation.

The capital budget reflects an urgent need to increase the recreation facilities available in the District. A total of $4.1 million is proposed to provide, among other things:

- Acquisition of the old car barn on East Capitol Street for development into a Community and Recreation Center to serve an area badly in need of such a facility.
- Construction funds for two swimming pools, and plans for four more.
- Reconstruction of the Chevy Chase Community Center, for which Congress in fiscal 1967 provided funds to prepare plans and specifications.

The 1967 supplemental budget will provide funds to make available next summer 15 walk-to-learn-to-swim pools for younger children.

TRANSPORTATION

The budget reflects the substantial progress toward an ultimate solution of the transportation program that was made during the past year.

The mass transit program moved closer to the regional system which I recommended when the 89th Congress enacted for the District and granted Federal consent to the compact creating the Washington Metropolitan Area Transit Authority, with power to plan, finance and operate a regional system. Maryland, Virginia, and the District have already provided funds for the operation of the Authority in 1967 and are budgeting funds for that purpose in 1968.

Funds are already available to permit continuation of preliminary engineering and construction work by the National Capital Transportation Agency on that part of the system authorized by the Congress in 1965. Funds for the District's share of the engineering and construction costs of the Authority are authorized. Although the Authority does not come into being officially until February 20, 1967, the provisional Board of Directors has been actively at work for several months.

Agreement reached during 1966 by the Policy Advisory Committee, and accepted by the District Commisisoners and the National Capital Planning Commission regarding the location of interstate freeways within the District, together with the increased funds resulting from the additional borrowing authority made available to the highway fund, have made it possible to provide adequate funds so that the entire freeway program can go forward. In addition, the budget provides funds through the Council of Governments for the District's share of the expenses of the regional planning, including transportation planning, being undertaken jointly by the local governments in the National Capital Region.

OTHER

The major portion of the budget is related to the programs already mentioned. Other budget proposals of particular significance include:

- Funds for a major increase in sanitation services, to permit more frequent street cleaning and more efficient refuse collection.
- Funds for the construction of the new central Public Library.
- Funds to enable the Public Library to send books to 16,000 kindergarten children, to enlarge their horizon through the world of books. Books for these children are even more important than the books already provided by the Library to children in the elementary schools and in many junior high schools.
- Funds to augment the staff of the Commissioners' Council on Human Relations. The services provided by the Council have been important, but much more can and should be done.
- Funds for a Civil Rights Division in the Corporation Counsel's office.
- Funds to prepare preliminary plans for two new buildings in the Municipal Center area. These buildings will not only provide the District with badly needed office space, but also help to carry out the long-range plans for Pennsylvania Avenue.
- Funds to conduct the 1968 Presidential election in the District.

CONCLUSION

This budget which I am recommending reflects the needs of local government in an increasingly urbanized society. The District is no less subject to these urgent needs than are other cities, and because in many ways it performs the function of a State as well, its responsibilities are even broader. To ignore the District's needs is to confess that the Capital City of this great Nation cannot cope with today's challenges. We must make no such confession. We must make the District of Columbia, rather, the proof that our civilization continues to secure to every citizen "life, liberty, and the pursuit of happiness."

TO SUSTAIN OUR GROWTH

Economic Report of the President, January 26, 1967

To the Congress of the United States:

A healthy and productive economy is a bulwark of freedom.

Around the world and here at home, our trials of strength, our works of peace, our quest for justice, our search for knowledge and understanding, our efforts to enrich our environment are buttressed by an amazing productive power.

Americans have confronted many challenges in this century. The ones we face in 1967 are as trying of men's spirits as any we have known. But the overwhelming majority of us face our challenges in comfort, if not affluence. The sacrifices required of most of today's generation are not of income or security; rather we are called on to renounce prejudice, impatience, apathy, weakness, and weariness.

In purely material terms, most Americans are better off than ever before. That fact expands our responsibilities, as it enlarges our resources to meet them.

RECENT ECONOMIC GAINS

An average of 74 million persons were at work in 1966—2 million more than in 1965. Nonfarm payrolls averaged 64 million, a gain of 3 million. On the whole, these jobs were better paying than ever, and more regular and more secure than most workers can remember.

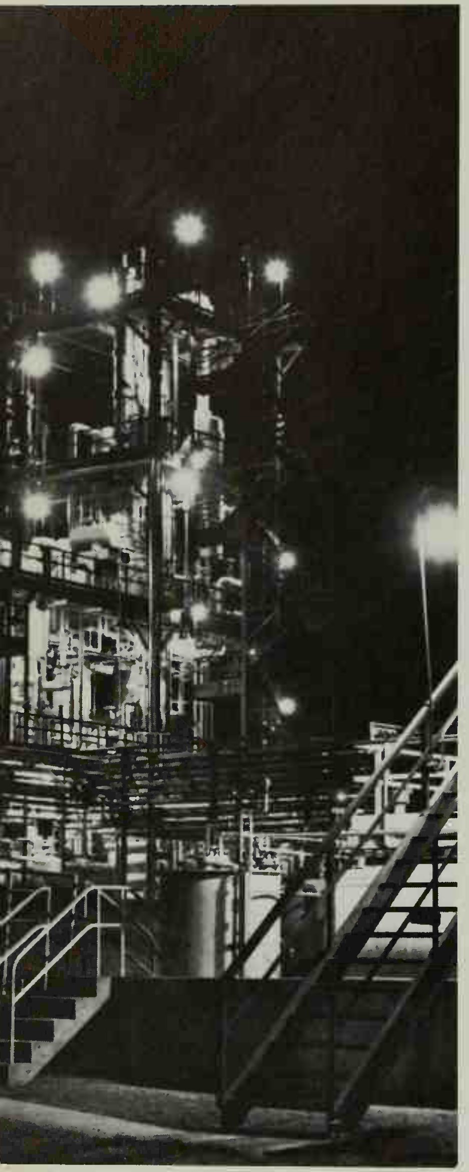
The value of our total production of goods and services in 1966 was $740 billion—$58 billion, or 8½ percent, higher than in 1965. More of the increase than we wanted represented higher prices. Still, the gain was nearly 5½ percent *after* correction for price changes.

Labor, business, and the farmer all contributed to this major gain in production, and they rightly shared the benefits.

Aggregate compensation of employees rose 10.3 percent. Average compensation per man-hour in the private economy rose 6.5 percent, reflecting increased wages and fringe benefits, more overtime, the shift to higher-paying jobs, and increased employer contributions to Social Security. Corporate profits after taxes advanced more than 8 percent; per dollar of sales they were roughly unchanged from the high rate of 1965. Net income per farm rose more than 10 percent.

The single most meaningful measure of economic well-being is real disposable income per person—the after-tax purchasing power in stable dollars, available on the average to every man, woman, and child. It rose 3½ percent or $89 per person in 1966. Although this advance was somewhat smaller than in 1965, it was still three times as large as the average yearly gain in the 1950's.

February 1961 launched the strongest



and most durable economic expansion in our economic annals, and it still continues.

- Almost 9 million jobs have been added in the last 6 years.
- The rate of unemployment has fallen from 7 percent in early 1961 to under 4 percent. The rate for white adult males fell from 5 percent to 2 percent; for Negro men, from nearly 12 percent to less than 5 percent.
- Early in 1961, more than two-thirds of our major labor markets were "areas of substantial unemployment"; today only 8 of the 150 are so classified, and 66 have unemployment below 3 percent.
- While total population rose 11 million between 1961 and 1965, the number of Americans in poverty declined 5½ million, and probably fell at least another 1¼ million in 1966. (The poverty definition is adjusted for the increase in living costs.)
- Our gross national product (GNP) has grown 50 percent in 6 years. In constant prices, the gain has averaged 5½ percent a year. The physical output of our factories and mines is up over 50 percent.
- Private output per man-hour in 1966 was 19 percent higher than in 1961.
- The 6-year addition to our gross stock of private productive capital—machines, buildings, transportation equipment, land improvements, and inventories—is valued at $220 billion.
- American families have added $470 billion to their accumulated financial assets. They have added $150 billion to their debts. So their net financial position is $320 billion stronger than 6 years ago.

OUR ECONOMIC PROBLEMS

Prosperity is everywhere evident. But prosperity is never without problems, and—in 1966—some of them were serious.

Some Leading Problems

1. *Economic progress still left far too many behind.*

- Nearly 3 million workers were without jobs at the end of 1966. Perhaps two-thirds of them were "frictionally" unemployed: new entrants to the labor force in the process of locating a job; persons who quit one job to seek another; workers in the "off" months of seasonal industries; those temporarily laid off but with instructions to return. Their unemployment will be temporary; many were drawing unemployment insurance.
- But most of the remaining third will wait a long time for a steady job. They are the "hard-core" unemployed—lacking the necessary skills to find other than intermittent work; the victims of past or present discrimination; those unable or unwilling to move from depressed areas and occupations; the physically or emotionally handicapped.
- Another half million to one million *potential* workers were not even counted as unemployed. Many had long ago abandoned any search for a job. Some had never tried.
- But even among those who worked year-round, some 2 million breadwinners—particularly the low-skilled with large families—earned incomes insufficient to support a minimum standard of decent subsistence.
- And 6½ million families were poor because the heads of their households were unable to work: either aged, severely handicapped, or a widowed or deserted mother with young children.

Those left behind used to be called the "invisible poor." But an awakened public conscience has sharpened the vision of most Americans.

2. *Price increases—although less than in many comparable periods—still were greater than we wanted or should long tolerate.*

It is tempting to blame the creep of prices on the greed of producers—or the irresponsibility of labor—or Government policies—or bad weather—or economic disturbances abroad. Some of the price rise may have been due to each. But the main causes lay elsewhere:

- Some can be traced to imbalances created by the special pressures of Vietnam procurement and booming private investment.
- The spurt of demand—partly real, partly psychological—that followed the step-up of our Vietnam effort in mid-1965 simply exceeded the speed limits on the economy's ability to adjust. Our resources were sufficient for the task; but the sheer speed of the advance strained the ability of industrial management to mobilize resources at the required pace.
- Some price advance was the inevitable cost of the adjustments required in recovering from a decade of slack:
  - —Wages had to be raised sharply in underpaid occupations, which previously held their labor only because the alternative was no job at all.
  - —Producers in once stagnant, low-profit industries saw opportunities for expansion and found it possible to raise prices and earnings in order to attract needed capital.
  - —Demands pressed harder on skilled

occupations and professional services where we had trained too few persons to meet the needs of a high employment economy.

Some price increases would still have occurred had we moved at a steadier pace.

But these price increases could have come slowly enough and have been small enough not to threaten a chain reaction of wages chasing other wages—wages chasing prices—prices chasing wages—and prices chasing other prices.

It is this spiral we must and can avoid. But it will require responsible action on the part of all.

3. *Achieving equilibrium in our balance of payments remained a problem, in spite of strong new measures.*

The costs of Vietnam required us to spend many more hundreds of millions of dollars beyond our shores. At the same time, the spurt of demand caused our imports—especially of capital goods—to soar.

We are determined to continue our progress toward equilibrium.

4. *Tight money and high interest rates concentrated the burden of restraint on housing.*

Interest rates in 1966 were as high as at any time in 40 years. They were pushed there by an insatiable demand for credit, straining against a deliberately restricted supply. Monetary policy in 1966—like tax policy—was properly aimed at slowing down an economy expanding too fast.

The brakes applied last year worked. But tight money worked painfully and inequitably. It cut construction by more than $8 billion during 1966. Its impact was equivalent to a heavy across-the-board tax increase, but with most of its effect concentrated on a single industry.

Finding Solutions—We will move this year toward solutions for these problems and others. But they cannot all be completely solved in 1967.

Lifting the Burden on Housing—Now that the economy's advance is again more moderate, the burden of tight money is being lifted. Interest rates are still extremely high—but they are moving down from their peaks. Credit is still not readily available to all who can make sound and productive use of it—but it is becoming easier to get. More savings are flowing into our thrift institutions and are beginning to be available to builders and homebuyers.

The steps we took last year and those I am now proposing, the steps the Federal Reserve has recently taken and is continuing to take to increase credit availability and lower interest rates, should have our housing industry moving smartly forward by the end of 1967, and ready for one of its best years in 1968.

Restoring Price Stability—The advance of prices has already begun to slow. Wholesale prices in December were below their levels of August.

The more moderate pace of economic advance now underway, which the policies I am recommending are designed to maintain, should further diminish inflationary pressures.

We cannot rescind all of last year's increases in costs, some of which are still spreading through our structure of prices. Price stability cannot be restored overnight. But we will be making good progress toward price stability this year.

Improving Our International Payments—We have recently announced stronger voluntary balance of payments programs for 1967. Our policies to constrain economic expansion to a sustainable pace should permit an improved export surplus.

I am now recommending further steps to strengthen our external payments. Yet so long as we remain heavily engaged in Southeast Asia, we will have a balance of payments problem.

Combating Poverty—We will continue to attack poverty and deprivation through such weapons as

—Community Action and Head Start;

—rent supplements and child nutrition;

—aid to elementary and secondary education in poverty areas and the Teacher Corps;

—the Manpower Development and Training Act, the Job Corps, the Neighborhood Youth Corps;

—Medicare, Medicaid, and neighborhood health centers;

—measures to end discrimination in jobs, education, and public facilities;

—the expanded coverage enacted last year for a higher minimum wage.

I am proposing that our attack be reinforced with new weapons in 1967.

Yet, with old weapons and new, the war on poverty will not be won in 1967—or 1968. There is no wonder drug which can suddenly conquer this ancient scourge of man. It will be a long and continuing struggle, which will challenge our imagination, our patience, our knowledge, and our resources for years to come. Our capacity to stay with the task will be a test of our maturity as a people.

USING THE GAINS OF GROWTH

From early 1961 to the end of 1966, our

In Johnstown, Pennsylvania, welfare recipients help themselves and their community by working on flood control projects.

GNP rose an average of $44 billion a year. About $9 billion a year was price increase. Of the balance

- An average real gain of $10 billion a year (in 1966 prices) came from putting idle men and machines back to work.
- An average real gain of $25 billion a year (in 1966 prices) came from the growth of our resources: a larger work force, more and better capital and management, higher productivity.

Further gains from putting idle resources to work will now be harder to achieve.

But our annual dividend from growth has meanwhile become more generous. In 1967 it will add $30 billion at today's prices to our potential output.

Our economic policies must assure that we realize this potential dividend—and use it wisely.

Realizing the Growth Dividend—To ensure our full dividend from economic growth requires that markets for goods and services expand steadily and adequately—but not excessively. In recent years, we have tested and refined the power of fiscal and monetary policy to stimulate or moderate the expansion of total demand.

During 1966, Federal expenditures were expanding rapidly. But tax policy worked to counter their impact.

Federal expenditures in our national income accounts grew $19 billion in calendar year 1966, reflecting the step-up in national defense; in Social Security, Medicare, and related payments; and in grants to State and local governments. They added strongly to private purchasing power. They would have added more but for the substantial expenditure cutbacks put into effect during the year.

On the other side, taxes restrained demand. Higher payroll taxes, the restoration of some excise taxes, the institution of graduated withholding, and the suspension of tax incentives to investment all represented new measures that were draining off more than $9 billion of spendable incomes by year-end. In combination, and for the full year, these measures and an expanding economy produced $18 billion more in revenues than in 1965. Prompt action by Congress in response to my tax proposals of January and September made tax policy an important force for economic restraint.

Taking the two sides together, our national income accounts budget was in surplus in the first half and in balance for 1966 as a whole.

But as private investment threatened to outrun private saving, sharp monetary restraint was also applied. In response to both fiscal and monetary restraints, the economy shifted gears from excessive speed to a moderate advance.

Fiscal Policy for 1967—In the year ahead we are determined to maintain that moderate advance; we need no further slowdown; we can tolerate no new spurt of demand. After midyear, the tax increase I have proposed and a more moderate growth of Federal spending will increase the freedom of monetary policy to support expansion. I am confident that the opportunity will be used.

The specific fiscal program I am recommending includes

—a surcharge of 6 percent on the tax liabilities of individuals, exempting persons in the lowest income brackets;

—the same 6 percent surcharge on the tax liabilities of corporations.

Here are some examples of the effect of this proposal, as applied to a married couple with two dependents, using typical deductions:

- With $5,000 income, their tax will be unchanged—still $130 lower than they would have paid in 1963.
- With $10,000 income, their tax in 1968 will rise $67, or $1.30 a week. Their annual tax will still be $190 less than they would have paid in 1963.
- With $20,000 income, their tax in 1968 will rise $190, or $3.65 a week. But their annual tax will still be $450 less than they would have paid in 1963.

A corporation with profits before tax of $100,000 will pay an extra $2,490. It will still pay $2,510 less than it would have paid in 1963.

One with profits of $1 million will pay an extra $28,410, still $12,590 less than it would have paid in 1963.

The surcharge will provide for $5.1 billion of extra revenues in fiscal year 1968 on a national income accounts basis, substantially offsetting the expansion of $5.8 billion in defense purchases.

The national income accounts budget will also be affected by my proposals for Social Security benefits and taxes.

After allowance for these changes, the national income accounts deficit for fiscal year 1968 is now estimated at $2.1 billion, compared with $3.8 billion in fiscal year 1967.

I am also recommending two further accelerations of corporate tax payments, to begin in 1968:

—requiring quarterly payment of estimated tax on the basis of 80 percent rather than 70 percent of liability;

—requiring, over a 5-year period, that small corporations, as well as large, become current in their tax payments, in the same way as individual proprietors.

We have fashioned a fiscal program for sustainable expansion. With that program, we now see a rise of about $47 billion in our GNP in 1967—a growth dividend close to 4 percent in real terms.

Using the Growth Dividend—The first priority for the use of our growth dividend must, as always, be the defense of freedom. But it will take only a small part of our $47 billion of added production.

These will be the public claims on our growth dividend:

- $10 billion more of our output in 1967 will go for the support of our men in Vietnam and other urgent needs of defense.
- 1½ billion will go for the expansion of other Federal purchases, including adjustments in Federal civilian and military pay.
- State and local governments will use about $8 billion more of the Nation's resources in 1967. In this, they will be aided by Federal grants totaling nearly $15 billion.

The remaining $27½ billion of our GNP gain in 1967—nearly 60 percent of it—will be used in the private sector. And the flow of goods and services to consumers will expand this year by even more than that.

- In the past several years, an unusually large part of our output growth has gone to expand the productive capacity of business and to build up inventories to support high and growing production and sales. On balance, a slightly smaller portion of our resources will be used for these purposes in 1967 than in 1966.
- For the year as a whole, slightly less of our resources than last year will be used to build new homes, although a sharp recovery in residential construction from its current deep recession is expected during the course of the year.

As the flow of goods and services to consumers expands, the ability of our elderly citizens to share in these gains will be supported by a rise of more than $6 billion in Social Security and Medicare payments.

In 1967, we will have no bonus dividend from using previously idle resources. But the dividend from growth alone is a big one. We must be sure we get it;- and we must use it wisely.

RESTORING PRICE STABILITY

From the beginning of 1961 until 1965, the United States enjoyed both price stability and a strongly expanding economy. The average of wholesale prices hardly moved, and consumer prices rose only a little more than 1 percent a year. Last year, that record was blemished. Consumer prices rose 2.9 percent between 1965 and 1966, wholesale prices 3.2 percent.

When we were involved in Korea, consumer prices rose 8.0 percent between 1950 and 1951, wholesale prices 11.4 percent. And we had price controls during most of 1951.

Even when we were not at war, consumer prices rose 3.5 percent between 1956 and 1957, wholesale prices 2.9 percent.

Nevertheless, we are not satisfied with our record on prices. And we expect to improve on it this year.

There are many reasons why we refuse to tolerate rapidly rising prices:

- They injure those with fixed incomes, especially older people.
- They can lead to speculation and economic distortions which could undermine prosperity.
- They weaken our competitive position in world markets.
- As they persist, they become harder to stop without throwing the economy into reverse.

Restoring price stability is one of our major tasks. It will not be accomplished all at once, or all in 1967. That could be done—if at all—only at the cost of mass unemployment, idle machines, and intolerable economic waste. But a gradual return to stability can go hand in hand with steady economic advance.

Such an improvement will require

—prudent fiscal and monetary policies;

—Government efforts to help relieve the key points of pressure on prices;

—the responsible conduct of those in business and labor who have the power to make price and wage decisions.

With steady, sustainable, and balanced growth, we can look forward to

—relief of pressures on capacity in such strained areas as machinery and metals;

—adjustments of raw material supplies to demand;

—the end of labor shortages in key areas.

Other efforts of the Federal Government can help to relieve particular pressures on prices and wages. We will continue

—to develop manpower training programs to meet skill shortages;

—to increase the efficiency of the employment services in matching jobs and men;

—to handle Government procurement so as to minimize its pressure on prices;

—to dispose of surplus Government stockpiles to alleviate shortages of raw materials;

—to manage farm programs to assure adequate supplies as well as equitable returns.

But efforts of the Government alone will not be enough. The cooperation of business and labor is essential for success.

In the past year, most businessmen who had a choice in setting prices and most trade unions that negotiated wage contracts acted responsibly. They did so because they took account of the national interest and saw that it was also their own.

If business and labor were to consider only their own short-run interests

—each union might seek a wage increase which exceeds the most recent settlement by some other union;

—each business might strive to achieve a new profit record by translating strong demand into higher prices, whether or not costs have increased.

But when business and labor consider the national interest—and their own longer-run interests—they realize that such actions would have only one result: a wage-price spiral which is in the interest of neither.

- If unions now attempt to recoup in wages all of the past or anticipated advance in the cost of living—in addition to the productivity trend;
- If businesses now seek to pass along rising costs when it would be possible to absorb them or do not reduce prices when costs fall;

then the result will be just such a spiral —damaging to business, damaging to labor, and disastrous to the Nation.

Once again, I appeal to business and labor—in their own interest and that of the Nation—for the utmost restraint and responsibility in wage and price decisions.

INTERNATIONAL ECONOMIC POLICIES

The current year is a critical one for our international economic policies and for the economic progress of the world community.

As the largest single market and source of capital, the United States carries special responsibilities.

Trade—This Administration is committed to reducing barriers to international trade, as demonstrated by my recent action terminating the 1954 escape clause action on watches, and rolling back the special tariff on imports of glass.

The Kennedy Round of trade negotiations is now entering its final and most critical phase. I emphasize once more how important this great attempt to liberalize world trade is for all the developed and developing nations of the free world.

After more than 4 years of discussion, it is essential that the participants now resolve the many complex problems that still remain. It would indeed be a tragedy if the wide authority granted to the President by the Trade Expansion Act of 1962 were allowed to lapse unused. Never before has there been such a splendid opportunity to increase world trade. It must not be lost.

But the Kennedy Round is not the end of the road. We must look beyond the negotiations in Geneva to further progress in the years ahead. We must begin to shape a trade policy for the next decade that is responsive to the needs of both the less developed and the advanced countries.

We should seize every opportunity to build and enlarge bridges of peaceful exchange with the countries of Eastern Europe and the Soviet Union. We should have the ability to adapt our policies to whatever political circumstances or commercial opportunities may present themselves. I again urge the Congress to provide authority to expand our trade relations with Eastern Europe and the Soviet Union.

Aid—Although 1966 was a relatively good year for world economic growth, average output in developing countries rose by less than $3 a person.

There were, however, encouraging signs of progress. Developing nations demonstrated a willingness to take difficult but necessary steps to help themselves. India, for example, revised her foreign exchange and agricultural policies to promote more rapid growth.

Among the wealthier nations, stronger efforts were made to assist the development of the poorer countries. Canada and Japan increased their assistance programs. Major free world aid donors joined in new groups to coordinate their flow of aid.

The United States will continue to respond constructively to the aspirations of the developing nations. We will give first priority to fighting the evils of hunger, disease, and ignorance in those free world countries which are resolutely committed to helping themselves.

There should, however, be increasing efforts to make both the receiving and giving of aid a matter for creative international partnership. We shall therefore

—continue to support enthusiastically, in a manner consistent with our balance of payments position, such promising cooperative regional efforts as the Alliance for Progress, the Inter-American, the Asian, and the African Development Banks, and the Mekong Development Fund of the United Nations;

—further encourage the coordinated extension and expansion of aid by the major donor countries in ways that result in an equitable sharing of the burden;

—seek the cooperation of other major donor countries this year in replenishing the resources of the International Development Association.

Balance of Payments—We can take some satisfaction in the fact that our balance of payments in 1966 may prove to have been in surplus on official reserve settlements. Despite the added costs of the war in Vietnam and the rapid growth of imports, our deficit on a liquidity basis increased only slightly in 1966.

But we cannot relax our efforts to seek further improvement.

Our goal in the coming year is to continue to move toward balance of payments equilibrium as rapidly as the foreign exchange costs of the Vietnam conflict may permit. This goal will be supported through measures and policies consistent with healthy growth at home and our responsibilities abroad.

We already have extended and reinforced the voluntary restraint programs for corporate investment abroad and for foreign lending by financial institutions. I am counting on the continued full cooperation of businesses and banks with these programs in 1967. And I have instructed all agencies of the Government to intensify their efforts to limit the dollar drain resulting from their activities.

But more is needed. I now recommend the following steps:

1. The Congress should extend the Interest Equalization Tax, in strengthened form, to July 31, 1969. This tax has proved extremely useful in limiting the borrowing of developed countries in our capital markets and in reinforcing the Federal Reserve voluntary program. As we move toward easier money in the United States, foreign borrowing in our financial markets may tend to increase. I am therefore requesting authority to adjust the rates of the Interest Equalization Tax as monetary conditions warrant, so that the effective impact on interest costs can be varied between zero and 2 percent. This would replace the present flat 1-percent impact.

Moreover, to ensure against possible anticipatory increases in foreign borrowing, I am also requesting that the tax be imposed at rates which provide an impact of 2 percent on interest costs while the legislation is under consideration by Congress.

2. The most satisfactory way to arrest the increasing gap between American travel abroad and foreign travel here is not to limit the former but to stimulate and encourage the latter. I shall appoint in the near future a special industry-Government task force to make specific recommendations by May 1, 1967, on how the Federal Government can best stimulate foreign travel to the United States. After a careful review of their advice, I shall ask the U.S. Travel Service and other appropriate agencies to take the steps that seem most promising.

3. As part of our long-run balance of payments program, I shall also

—request continuation and expansion by $4.5 billion of the lending authority of the Export-Import Bank in order to support the expansion of exports;

—continue to urge other countries to participate in the development of better means both of sharing the resource burdens and of neutralizing the balance of payments effect arising from the common defense and foreign assistance efforts.

4. For the longer run strength of our payments balance, we should intensify efforts to

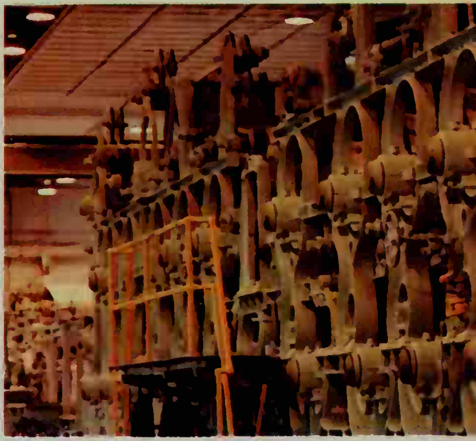
stimulate exporters' interest in supplying foreign markets;

—enlist the support of the financial community to attract additional foreign investment in the United States;

—encourage further development of foreign capital markets.

Improving the International Monetary System—In 1966, significant progress was made toward a better international monetary system. Through close consultation and cooperation among the financial authorities of major countries, temporary strains were met promptly and effectively.

Two large forward steps were taken on the road to international monetary reform: wide consensus was reached on basic principles for the deliberate crea-



tion of additional reserve assets; and the negotiations advanced to a second stage in which all members of the International Monetary Fund are participating.

An even greater effort must be made in the coming year to improve our monetary system. In particular, I urge that

—all countries participate in the continuing task of strengthening the basic monetary arrangements that have served the world so well;

—both surplus and deficit countries assume their full responsibility for proper adjustment of international payments imbalances, and cooperate in efforts to lower world interest rates;

—full agreement be reached on a constructive contingency plan for the adequate and orderly growth of world monetary reserves.

HELPING THE DISADVANTAGED

The United States is the first large nation in the history of the world wealthy enough to end poverty within its borders. There are many fronts in the War on Poverty. We are moving forward on them all.

- There must be full employment so that those qualified and able to work can find jobs. . . . The unemployment rate last year was the lowest in 13 years.
- Those not now fully qualified must be given the education and training, the health and guidance services which will enable them to make their full contribution to society. . . . We have greatly increased our aid to education and enlarged our training programs, and we will expand them further.
- For those who will be unable to earn adequate incomes, there must be help—most of all for the benefit of children, whose misfortune to be born poor must not deprive them of future opportunity. . . . We have increased our income sup-

port, and we will increase it further.

- Wherever the poor and disadvantaged are concentrated, intensive and coordinated programs to break the cycle of deprivation and dependency must continue and be reinforced. . . . We have instituted these programs in hundreds of cities and rural areas; we are expanding them and designing others.

Income Guarantees—Completely new proposals for guaranteeing minimum incomes are now under discussion. They range from a "negative income tax" to a complete restructuring of Public Assistance to a program of residual public employment for all who lack private jobs. Their advocates include some of the sturdiest defenders of free enterprise. These plans may or may not prove to be practicable at any time. And they are almost surely beyond our means at this time. But we must examine any plan, however unconventional, which could promise a major advance. I intend to establish a commission of leading Americans to examine the many proposals that have been put forward, reviewing their merits and disadvantages, and reporting in 2 years to me and the American people.

Public Assistance—Our system of public assistance is now 30 years old and has obvious faults. The standards of need set by many States are unrealistically low; benefits are further restricted by excessively stringent eligibility conditions. In some respects the system perpetuates dependency.

1. State standards of need are miserably low. In 18 States a family of 4 is presumed able to manage for a month on $45 a person—or less. And in many States, actual payments average far below their own standards of need.

It is time to raise payments toward more acceptable levels.

As a first step, I ask the Congress to require that each State's payments at least meet its own definition of need; and that its definition should be kept up to date annually as conditions change.

2. With minor exceptions, payments under public assistance are reduced dollar for dollar of earnings by the recipient, removing any incentive to accept part-time work. We should encourage self-help, not penalize it.

It is time to put an end to this 100 percent tax on the earnings of those on public assistance.

I shall therefore ask Congress to enact payment formulas which will permit those on assistance to keep some part of what they may earn, without loss of payments.

3. Many recipients of public assistance are capable of receiving training which would ultimately make them self-supporting.

I therefore urge the Congress to make permanent the Unemployed Parent and Community Work and Training Programs associated with Aid to Families with Dependent Children (AFDC), and to require all States receiving Federal support under AFDC to cooperate in making Community Work and Training available for the unemployed parents of dependent children.

Training and Employment—The coexistence of job vacancies and idle workers unable to fill them represents a bitter human tragedy and an inexcusable economic waste. One of society's most creative acts is the training of the unemployed, the underemployed, or the formerly unemployable to fill those vacancies.

A dynamic economy demands new and changing skills. By enabling workers to acquire those skills, we open opportunities for individual development and self-fulfillment. And we make possible higher production without inflationary pressures.

I shall ask the Congress for funds to support a new and special effort to train and find jobs for the disadvantaged who live in urban ghettos.

I shall also propose legislation to improve the effectiveness of the Federal-State employment service.

Social Security—Millions of aged still live in poverty. Millions of younger Americans are willing to pay for more adequate retirement benefits in the future.

I ask the Congress to approve an over-all 20 percent increase in our Social Security program. We can increase benefits for all Social Security beneficiaries by at least 15 percent, raise the minimum benefit by 59 percent to $70 a month, assure workers with 25 years of coverage at least $100 a month, extend Medical Insurance to disabled beneficiaries, and allow larger earnings without loss of benefits.

Unemployment Insurance—Our system of unemployment insurance was created in a world of massive unemployment. The needs of a high employment economy are different. Today, when jobs are available, the jobless who exhaust their benefits typically need training, guidance, or other supportive services.

Therefore, I am asking the Congress to consider legislation to provide such services in conjunction with extended benefits to the long-term unemployed, to extend the protection of the system to additional workers, to establish more uniformly adequate benefits, and to correct abuses.

CITIES AND HOUSING

The American city is not obsolete; it is still a great engine for economic and social progress. But cities are in trouble, threatened by congestion, pollution, crime, poverty, racial tension, slums, and blight.

Yesterday's rural poor have been moving to the city just as many of the jobs they seek and need have been moving to the suburbs. Inadequate transportation and discrimination in housing make it difficult for them to follow the jobs; and deficiencies of education, health, and skills compound their disadvantages.

Most cities cannot afford the massive expenditures necessary to solve these problems. The flight of higher income families and businesses to the suburbs erodes sources of revenue for the cities, even as expenditure demands escalate. Inflexible city limits have created a hodgepodge of local taxing jurisdictions, often dividing the tax base from the need. The cities cannot collect for the many benefits they supply to residents of the suburbs.

The problems of the cities flow across irrelevant boundaries established by historical accident. So solutions must draw on the resources and imagination of a larger area. Our efforts have been aimed to encourage a metropolitan approach to metropolitan problems.

We must also find ways to enlist more fully the resources and imagination of private enterprise in the great task of restoring our cities.

I have just appointed a Commission, under the chairmanship of Senator Paul H. Douglas, to work with the Department of Housing and Urban Development to examine problems of codes, zoning, taxation, and development standards and to recommend ways to increase the supply of low-cost housing. I am convinced that this study can make a major contribution to the solution of urban problems.

Last year, the Congress enacted the pathbreaking Model Cities legislation. The Federal Government will help cities to focus all available programs on their needs—eventually to overwhelm the problems that have heretofore overwhelmed the cities.

More than 70 cities will have completed their plans and be eligible to start receiving assistance in 1968. Federal aid for water and sewer projects, open land conservation, and urban mass transportation is encouraging a more coordinated approach to metropolitan problems. I seek increased appropriations for all of these programs. And I shall seek authorization and resources for a greatly expanded program of research on urban problems.

Growth in the number and incomes of American families will require us to build about 2 million new houses a year for the next decade, most of them in and around cities. Last year, housing bore a disproportionate part of the burden of needed restraint. But we are now moving into a period of renewed homebuilding. I look for construction to rise briskly during 1967.

Federal programs for fiscal 1968 will assist in construction or renovation of 165,000 housing units for the urban poor, the elderly, and the handicapped. The Rent Supplement program will contribute to this goal.

This year will be a brightening one for the housing industry; it can also be a landmark year in the progress and evolution of our cities.

EDUCATION AND HEALTH

Individually and collectively, Americans have insatiable appetites for more education and better health. Education and health contribute both to individual well-being and to the Nation's productivity. But far too many of our urban and rural poor are denied adequate access to either. The efficiency of our methods of education and of providing medical care can and should be strengthened.

History will record these years as the time when this Nation awoke to its needs—and its limitations—in education and health. The Elementary and Secondary Education Act, Head Start, the Teacher Corps, Medicare, Medicaid, and the Partnership in Health will be landmarks in our social and economic development.

I shall propose

—an expanded Head Start program; a Follow-Through program in the early years of school; and the opening of other new educational opportunities for children;

—both legislative and administrative changes to accelerate research and development on more efficient and effective ways of providing health resources;

—an expanded child health program, including early diagnosis and treatment, a pilot program of dental care, and the training of additional health personnel to provide services to children.

ABATING POLLUTION

A polluted environment erodes our health and well-being. It diminishes individual vitality; it is costly to industry and agriculture; it has debilitating effects on urban and regional development; it takes some of the joy out of life.

The 89th Congress enacted important legislation to improve the quality of our environment. All 50 States have now signified their intention to establish water quality standards for their interstate and coastal waters. The Federal Government is assisting State and local governments through comprehensive water basin planning, and is providing financial help to States for the administration of water pollution control and to local areas for the construction of sewage treatment facilities. In addition, we are studying appropriate methods to encourage industry to control its discharge of pollutants.

The foundation for abating air pollution was laid in the Clean Air Act of 1965. But the air over every city proves that further steps are necessary.

I propose that we get on with the jobs of preserving and restoring our environment. I will present detailed proposals on control of air pollution in another message.

IMPROVING OUR TAX SYSTEM

Our tax system is one in which we can take pride. In terms of fairness, revenue productivity, and balanced economic impact, it is unsurpassed by any other tax system in the world today.

Nevertheless, it can be improved. As they now stand, our tax laws impose undue burdens on some and grant unfair benefits to others.

A system as complex as ours cannot be perfected in a single bill. Rather, the process of tax reform must be continuous, with every provision of the law subject to constant examination and adjustment where needed. Moreover, this work of basic reform should proceed independently of the requirements for raising taxes or the opportunities for tax reduction.

I therefore plan to submit proposals to the Congress to improve the equity of our tax system and reduce economic distortions. These proposals will be designed to avoid significant budgetary effects.

As one specific reform, I will urge changes to deal with abuses by tax-exempt private foundations.

IMPROVING GOVERNMENT ORGANIZATION

Separate Departments of Labor and Commerce perpetuate the obsolete notion that there is fundamental conflict between the interests of business and labor, or between the interests of either and that of the Nation.

A single department of labor and business can more effectively carry out those national programs which affect the private productive sector as a whole. The two departments share many common objectives; their interests and activities coincide or overlap in

—fostering economic and regional development;

—matching the skills of labor with the needs of employers;

—providing more jobs at better wages;

—avoiding labor disputes;

—maintaining a fair distribution of private incomes without inflation;

—providing stability of production and jobs;

—providing basic economic and social information and technical serv-

ices needed by both private and public sectors;

—supporting expansion of international trade and considering its impact on the domestic economy.

By combining these activities, we can greatly improve efficiency, reduce costs, simplify the reporting burden on business, provide better and more uniform statistics, and assure that the views and the problems of the private sector enter more effectively into decisions on general economic policy.

I urge the Congress to support my recommendation for a new department of labor and business.

OTHER ECONOMIC POLICIES

1. I renew four recommendations made in my Economic Report of 1966 and not acted upon by the 89th Congress:

—a fair system of charges for users of highways, aviation facilities, and inland waterways, to improve efficiency in the use of transportation resources, and to reimburse the Federal Government for a part of its expenditures on facilities which directly benefit those who use them;

—truth-in-lending legislation, to provide consumers with a full and clear statement of the true cost of credit;

—stronger regulation of savings and loan holding companies;

—provision of Federal charters for mutual savings banks, to enlarge and strengthen our system of thrift institutions.

2. To aid the advance of technology on which economic progress depends, I now urge Congressional support for

—a long-overdue modernization of our patent system;

—a large-scale program of research in transportation.

3. Total holdings in the Nation's stockpile of strategic and critical materials now stand at $6.5 billion. Of this amount, $3.4 billion are excess to our defense needs as presently determined.

During the last fiscal year, the Administrator of General Services disposed of excess stockpile materials valued at slightly more than $1 billion without disruption of the domestic economy or the normal channels of trade.

The last session of the Congress authorized disposal of excess stockpile material valued at $728 million. I will ask the Congress for authority to dispose of additional stockpile excesses, bringing to about $2 billion the present value of excess stockpile material available for disposal.

I believe that we should relieve taxpayers of the burden of carrying unneeded surplus stocks, and provide businesses and workers with the materials necessary to assure continued high levels of production.

4. The responsibility which we share with the States to ensure that our banks and thrift institutions are honest, competent, and competitive is a continuing function demanding constant attention. We must continue to encourage the orderly and progressive development of a financial system adequate to meet the needs of a growing and dynamic economy.

I urge the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Comptroller of the Currency, and the Federal Home Loan Bank Board to continue and to intensify their efforts to coordinate their regulatory policies and procedures, and to improve their examination methods.

AFTER VIETNAM

Despite all our efforts for an honorable peace in Vietnam, the war continues. I cannot predict when it will end. Thus our plans must assume its long duration.

But peace will return—and it *could* return sooner than we dare expect.

When hostilities do end, we will be faced with a great opportunity, and a challenge how best to use that opportunity. The resources now being claimed by the war can be diverted to peaceful uses both at home and abroad, and can hasten the attainment of the great goals upon which we have set our sights.

If we keep our eyes firmly fixed on those goals—and if we plan wisely—we need have no fear that the bridge from war to peace will exact a wasteful toll of idle resources, human or material.

But when that welcome day of peace arrives, we will need quick adjustments in our economic policies. We must be prepared for those adjustments, ready to act rapidly—both to avoid interruption to our prosperity and to take full and immediate advantage of our opportunities.

Planning for peace has been an important activity in many executive agencies. But the effort needs to be stepped up and integrated.

Accordingly, I am instructing the heads of the relevant agencies in the Executive Branch, under the leadership of the Chairman of the Council of Economic Advisers, to begin at once a major and coordinated effort to review our readiness. I have asked them

—to consider possibilities and priorities for tax reduction;

—to prepare, with the Federal Reserve Board, plans for quick adjustments of monetary and financial policies;

—to determine which high priority programs can be quickly expanded;

—to determine priorities for the longer range expansion of programs to meet the needs of the American people, both through new and existing programs;

—to study and evaluate the future direction of Federal financial support to our States and local governments;

—to examine ways in which the transition to peace can be smoothed for the workers, companies, and communities now engaged in supplying our defense needs, and the men released from our armed forces.

I have directed that initial reports be prepared on all of these and related problems, and that thereafter they be kept continuously up to date.

CONCLUSION

Our task for 1967 is to sustain further sound and rewarding economic progress while we move toward solutions for the problems we met in 1966. It will require a flexible and delicate balance of economic policies.

Above all, we must guard against any interruption of our prosperity. The steady advance of jobs and incomes is our most powerful weapon in the battle against poverty and discrimination at home. And it undergirds our policy around the world.

Yet we must be equally alert to the dangers of inflation.

In his Economic Report of January 1956, President Eisenhower wrote:

> The continuance of general prosperity cannot be taken for granted. In a high-level economy like ours, neither the threat of inflation nor the threat of recession can ever be very distant. . . . The only rigid rule we can afford to admit to our minds is the principle that the best way to fight a recession is to try to prevent it from occurring.

Only 18 months later, the sharpest recession of the entire postwar period began—which also led to the largest peacetime budget deficit in our history. Over the same 18 months, both consumer prices and wholesale prices advanced $5^1/_2$ percent—considerably faster than in the 18 months since June 1965.

That history does not invalidate but rather reinforces President Eisenhower's proposition. Neither the threat of inflation nor of recession is ever distant in a high level economy.

How can we steer between these dangers, and—at the same time—supply the needs of national defense, strengthen our overseas payments, relieve the inequities of tight money and high interest rates, maintain the momentum of social progress, and provide the growth of incomes which lets each of us move toward fulfilling his private aspirations?

I am confident that we can find such a course. We will continue to coordinate the tools of monetary and fiscal policy to the common goal—the sound, balanced, and noninflationary advance of production and incomes. We are steering toward lower interest rates, a better balance in our economy, a budget and a Social Security program that reflect national priorities.

There will be surprises in store along the way. We must be prepared to meet them swiftly and flexibly. And I think we are. The tools of economic policy are not perfect; but they are far better understood and accepted—in the Government and in the private community—than ever before.

We have surely proved over recent years that economic progress does not need to be interrupted by frequent recessions. And, although prices have risen faster in the past year and a half than we expected or wished, we have done better than in most similar periods of our economic history. And we have done it without burdensome controls on prices or wages.

The Federal Government cannot do the whole job—or even very much of it. Production and incomes arise from the strength and skill of workers, the ingenuity of managements, the willingness of savers to risk their capital, the genius of inventors and engineers, the patience of teachers, the devotion of local public servants—the contributions of all who participate in our economy.

Yet the Federal Government has a role of leadership and a responsibility for coordination.

The Congress defined that role in the Employment Act of 1946:

> . . . it is the continuing policy and responsibility of the Federal Government . . .
> . . . with the assistance and cooperation of industry, agriculture, labor, and State and local governments,
> to coordinate and utilize all its plans, functions, and resources for the purpose of creating and maintaining,
> in a manner calculated to foster and promote free competitive enterprise and the general welfare, . . .
> . . . useful employment opportunities . . . for those able, willing and seeking to work, and to promote maximum employment, production, and purchasing power.

Our economic policies for 1967 respond to that mandate.

THE TIME TO BEGIN IS NOW

Message on Protecting Our Natural Heritage, January 30, 1967

To the Congress of the United States:

THE POLLUTION OF OUR AIR

The Problem—Two months ago, a mass of heavily polluted air—filled with poisons from incinerators, industrial furnaces, power plants, car, bus and truck engines—settled down upon the sixteen million people of Greater New York.

For four days, anyone going out on the streets inhaled chemical compounds that threatened his health. Those who remained inside had little protection from the noxious gases that passed freely through cooling and heating systems.

An estimated eighty persons died. Thousands of men and women already suffering from respiratory diseases lived out the four days in fear and pain.

Finally, the winds came, freeing the mass of air from the weather-trap that had held it so dangerously. The immediate crisis was ended. New Yorkers began to breathe "ordinary" air again.

"Ordinary" air in New York, as in most large cities, is filled with tons of pollutants: carbon monoxide from gasoline, diesel and jet engines, sulphur oxides from factories, apartment houses, and power plants; nitrogen oxides, hydrocarbons and a broad variety of other compounds. These poisons are not so dramatically dangerous most days of the year, as they were last Thanksgiving in New York. But steadily, insidiously, they damage virtually everything that exists.

They aggravate respiratory problems in man—asthma, bronchitis, lung cancer, and emphysema. Emphysema, a lung disease, is one of the fastest growing causes of death in the United States today. And it forces more than a thousand workers into early retirement every month.

Polluted air corrodes machinery. It defaces buildings. It may shorten the life of whatever it touches—and it touches everything.

This is not a problem of our largest cities alone. Weirton, West Virginia, and Gary, Indiana, are two among many communities that suffer days when the sun seems a pale orange ball hidden in a noxious cloud. Small towns, farmlands, forests—men, animals and plants—are all affected by the waste we release into the air.

The economic loss from pollution amounts to several billions each year. But the cost in human suffering and pain is incalculable.

This situation does not exist because it was inevitable, nor because it cannot be controlled. Air pollution is the inevitable consequence of neglect. It can be controlled when that neglect is no longer tolerated.

It will be controlled when the people of America, through their elected representatives, demand the right to air that they and their children can breathe without fear.

What We Are Doing Now—We have proposed and the Congress has enacted three laws since 1963, each representing some forward movement toward cleaner air.

Under these laws, we are spending more than $25 million this year in matching grants to cities and states, and in research and other efforts:

- We have helped to create 80 local air pollution programs, and to strengthen 40 others.
- We are working in nine areas of the United States—including the New York-New Jersey area—to abate pollution that passes across state lines and is beyond the reach of any single state or city.
- We have established a system of na-

tional standards for motor vehicles, that will become effective with the 1968 models. These will require sharp reductions in pollution from automobile exhausts.

- We have begun by Executive Order to control the sources of air pollution on Federal installations throughout the country. The experience we gain in carrying out this order will help us develop more effective ways of controlling pollution elsewhere.
- We have intensified our research work in sulphur oxide pollution from coal and oil burning, and on pollution from motor vehicles.

What We Must Do Next—Yet the pollution problem is getting worse. We are not even controlling today's level of pollution. Ten years ago from now, when industrial production and waste disposal have increased and the number of automobiles on our streets and highways exceeds 110 million, we shall have lost the battle for clean air—unless we strengthen our regulatory and research efforts now.

Federal action alone cannot master pollution. The states, the cities and private industry must commit themselves more fully, more effectively, and with a new sense of urgency, to America's struggle against poisoned air. Several steps are needed now.

To move forward in our attack against air pollution, I recommend the Air Quality Act of 1967.

First, emission control levels should be set for those industries that contribute heavily to air pollution.

Today, no such levels exist. Industries do not know to what extent they should control their sources of pollution or what will be required of them in the future. Strong State and local standards—essential to pollution control—cannot be effective if neighboring states and cities do not have strong standards of their own. Nor can such local standards gain the support of industry and the public, unless they know that plants in adjoining communities must also meet standards at least as strict.

We need the means to insure comparable emission levels for a given industrial source of pollution throughout the country.

I recommend that the Air Quality Act of 1967 authorize the Secretary of Health, Education, and Welfare to:

- Designate those industries in interstate commerce that are nationally significant sources of air pollution.
- Develop and publish industry-wide emission levels in consultation with the industry concerned.
- Provide each state the opportunity to adopt equivalent levels—or stricter ones.
- Apply the Federal levels in those states which do not adopt their own.

The levels will establish pollution limits that a given industrial plant may not exceed—no matter where it is located. Our aim is to provide uniformity and stability in pollution control levels in cooperation with industry and local governments.

Second, Regional Air Quality Commissions should be established to enforce pollution control measures in "regional airsheds" which cut across state and local boundaries.

Winds carrying waste gases have no respect for man-made political boundaries. The question we must answer is: shall we, the victims of pollution, hinder our fight against it by concerning ourselves more than artificial boundaries than with our people's health?

Today, although many of our severest pollution problems involve more than one state jurisdiction, there is not a single effective interstate program in the Nation. Efforts to achieve uniform control activities among neighboring states and communities have failed, despite added Federal financial incentives.

Under the Clean Air Act of 1963, we have attempted to encourage States to develop effective regional control programs. The Act offered three Federal dollars for every local dollar spent to develop and support regional interstate air pollution control programs. Despite this incentive, no effective regional programs have been developed under the Act.

Men and women in one community, where there are relatively strict control standards, must suffer each time the winds bring in the aerial refuse of another community, where the standards are weak or nonexistent.

This is neither fair to the community that is willing to adopt strong controls, nor responsible to the citizens of the entire region.

We must develop the means to deal with sources of pollution that affect more than one political jurisdiction. We must have laws that do more than set in motion cumbersome legal processes requiring years to effect results.

I recommend that the Air Quality Act of 1967 authorize the Secretary of Health, Education, and Welfare to:

- Designate those interstate areas where effective regional airshed pollution programs are needed, but do not exist.
- Establish, in consultation with the states and local communities affected, a Regional Air Quality Commission in

each such area. Each Regional Air Quality Commission would include two persons from each state involved, and one Federal official appointed by the Secretary of Health, Education and Welfare.

The Commissions would establish regional air quality levels which would build upon the nationwide levels for major sources of air pollution, including industrial sources. The levels would encompass the entire pollution problem jn a regional airshed—from waste burning and motor vehicle engines, as well as from industry. In every case, the Commissions will give due regard for the economic and technical feasibility of achieving adequate pollution control.

Each Regional Air Quality Commission would:

- Determine, in consultation with the industries and local communities involved, air quality levels to protect the public health and welfare in the region;
- Set emission levels to assure that the air quality levels will be met. These emission levels would be no less stringent than any applicable levels published by the Secretary of Health, Education, and Welfare.
- Achieve compliance with those emission levels through enforcement proceedings initiated by the Secretary of Health, Education, and Welfare.

Third, vehicle pollution control devices, required on 1968 model cars and in years to come, should be inspected on a regular basis by the states, with Federal assistance to initiate state inspection systems.

This Fall, new cars must be certified as meeting Federal exhaust emission standards when they are delivered to the retail show-room. But the best mechanical devices can fail through damage, the passage of time, or neglect. Many states have long recognized that the safety of our people requires periodic inspection of automobiles, to determine whether critical components are still in sound working order.

If a car's brakes—and its steering wheel, horn, turn signals, and lights—should be inspected periodically to protect against bodily injury, then surely its exhaust control device should be examined as well. In 1965, the Congress made the determination that such devices were required to protect the public health. The time has come to take the next step. We should insure that these anti-pollution devices continue to function properly during the useful life of the car.

I recommend that the Air Quality Act of 1967 authorize the Secretary of Transportation to provide matching grants to help the states establish inspection programs for motor vehicle pollution control. The Secretary of Health, Education, and Welfare would establish criteria for these grants.

Fourth, we must take steps to improve our enforcement procedures.

The Federal enforcement procedures established under the Clean Air Act of 1963 involve long delays between hearings, findings, and the completion of enforcement proceedings. Many state and local communities encounter similar difficulties with their own enforcement procedures. The problems are intricate and complex, but we must find ways to improve the enforcement process, while at the same time assuring that the rights of all of the parties are fully protected.

I am directing the Acting Attorney General and the Secretary of Health, Education, and Welfare, in consultation with state and local officials, to find ways to speed and improve the enforcement of clean air laws at all levels of government.

Fifth, research in fuel additives must be accelerated.

The use of fuel additives is growing, as demands for heat and energy grow. The extra power that additives give to diesel fuels, for example, is an important factor in the economics of trucking.

Yet, when exhaust fumes are sufficiently concentrated, some fuel additives are known to be detrimental to health. Other additives and the compounds that derive from them may pose similar hazards. We simply do not know what public health price we are paying for the economic benefits we gain from fuel additives.

I am directing the Secretary of Health, Education, and Welfare to begin a new research program on the health effects of fuel additives and on their contribution to air pollution. As an essential part of this program, *I recommend that the Congress require that all fuel additives be registered with the Secretary of Health, Education and Welfare.*

Sixth, our efforts to understand and control air pollution must be intensified and broadened.

Many sources of air pollution cannot be economically or effectively controlled by our present technology. The sheer number of motor vehicles may, within a decade or two, defy the best pollution control methods we can develop. If this proves true, surely we cannot continue to use the type of internal combustion engine now in service. New types of internal combustion engines—or indeed new propulsion systems—may be re-

quired. Aircraft engine exhausts are also becoming significant pollution problems. Sulfur compounds—created wherever coal or oil is burned—threaten the environment of almost every city and town in America.

We must recognize that in dealing with fuels for industry and motor vehicles, we are dealing with matters of enormous importance to every section of the nation and to many economic interests. America's technology and natural resources development are intimately involved in any program that affects fuels and their uses. Great investments have been made on given assumptions about those fuels and uses.

These considerations require that we approach the pollution problems with respect for its complexity and its economic implications.

But the health of our people, and indeed the health of the whole urban and rural environment, also require us to approach the pollution problem with urgency and tenacity.

The Clean Air Act of 1963 provided new authority to make grants for research and training, planning, and development of local control programs. Since then, we have invested $16.9 million in research grants, $5 million in training and $4.6 million for surveys and pilot projects. This work has moved us along in our search for new solutions to the difficult technical and social problems associated with air pollution.

We are now ready to launch a wide-ranging research effort, involving government, private industry, universities, and independent research groups.

Our immediate research targets must include:

- motor vehicle emissions;
- smoke and odors from diesel engines;
- alternative means of motor vehicle propulsion;
- sulfur dioxide emissions;
- low sulfur, or sulfur-free fuels.

I recommend an increase of 50 percent in funds to expand our research efforts.

I am asking the Chairman of the President's Council of Economic Advisers and the Secretary of Health, Education, and Welfare to explore appropriate measures to encourage industry and local governments to abate pollution. I have asked them to meet with business and local government leaders, and to present their recommendations to me.

It is in private laboratories, and in private boardrooms, that the crucial decisions on new fuels, new control technology, and new means of developing power and locomotion will be made. We should support private efforts now to expand the range of their alternatives and make wiser choices possible.

The government's relationship with private industry in this field should not be one merely of regulator and regulated. Pollution affects the lungs and eyes of worker, manager, owner, and government servant alike. The air cannot be divided into convenient shares. It is indivisible—and either clear and beneficial—or fouled and dangerous for all of us. Out of personal interest, as out of public duty, industry has a stake in making the air fit to breathe. An enlightened government will not only encourage private work toward that goal, but join and assist where it can.

America's air pollution problem emerges from our success as a modern nation. Sources of pollution may be environmental villains—but they are also social and economic necessities. Our task is to determine how to abate the poison they pour upon the air, without seriously diminishing the benefits they provide. Surely this is not beyond the capacity of a great nation's productive and scientific genius. Clearly, it is an absolute necessity for the health of the American people.

HIGHWAY SAFETY AND BEAUTY

The automobile is a central feature of American life. It is a principal instrument of transportation and daily activity. In this mobile society, the safety and beauty of our highways are of direct concern to all of us.

In 1966, I proposed and you in the Congress approved the first comprehensive traffic safety program in the nation's history. This measure was a forceful recognition of the fact that we can no longer tolerate the mounting toll of death and destruction on our highways. Under these programs, we are already:

- Working with State and local governments in a broad attack on all aspects of the highway safety problem.
- Launching a comprehensive research program to probe into the "whys" and "hows" of traffic accidents.
- Preparing to issue the first standards to make our automobiles safer.

In 1965, I proposed and you in the Congress approved legislation to preserve and restore natural beauty along our highways and to ensure effective control over billboards and junkyards.

Under the Law, over 2,200 projects have been developed by states under the Highway Beautification Program.

Unsightly junkyards are being removed and screened. Roadside rest areas are being built and improved. Scenic strips along our highways are being acquired. In consultation with the States, the Secretary of Transportation is preparing a program of effective billboard regulation.

With the cooperation of all levels of government, we are moving toward our objective to make beauty part of the daily life of every American.

These vital programs have started well. Now, we must provide for their continued financing. We must do this so that our children, and their children can enjoy the benefits of a vast highway network that we cared enough about to improve and protect and make safe and scenic.

To provide a sound financing plan, I recommend the creation of a special Highway Safety and Beauty Trust Fund to be financed with the receipts from two percentage points of the excise tax on new automobiles.

DEVELOPING OUR RESOURCES

This continent is an abundance, continually being discovered and developed—sometimes wastefully, more commonly now with prudent foresight.

Much of its richness still lies hidden or unused. Untouched mineral resources lie beneath the American topsoil. Food, minerals, and fresh water lie untapped within and beneath the oceans off our shores. The economic use of subsurface space is still beyond our powers.

The time has come to:

- Encourage the development of power from geothermal steam springs on Federal lands;
- Increase our scientific knowledge of the sea's resources;
- Develop rapid excavation techniques, to reduce the cost of underground construction;
- Examine our non-fuel minerals needs;
- Strengthen our ability to answer broad energy policy questions.

Geothermal Steam—This untapped source of power—exemplified by the "Old Faithful" geyser—lies within several western states on lands under Federal control. It holds vast potential as a source of power for our cities and our industries. Legislation must be passed before leases can be granted to develop these geothermal steam resources. Congress last year passed such legislation, but it was deficient in several critical aspects, and, in my judgment, and the judgment of my principal advisers in this field, insufficiently protected the public interest.

I have directed the Secretary of the Interior to:

- Submit a bill that will avoid the defects of the vetoed measure, contain additional safeguards to protect the public interest, and encourage the development of geothermal steam.
- Withdraw all lands potentially valuable for geothermal resource development from sale, entry, settlement or location pending enactment of such a bill.

The Resources of the Seas—The ocean floor is an immense storehouse of mineral wealth. Intense research will shortly begin to identify those minerals.

The new National Council for Marine Resources and Engineering Development, chaired by the Vice President, will review our oceanographic program and recommend new directions for research. The new ship, Oceanographer, the best equipped instrument of research on the seas, will shortly begin a round-the-world voyage. Geological mapping is being conducted now on the West Coast, and will begin in the Gulf of Mexico in 1968.

Long-range, we know that we must turn out enough competent scientists, engineers, and technicians to conduct the ocean research and development of tomorrow. Congress last year devised and passed the Sea-Grant College program, in which students will work and enlarge their talents and our knowledge in many of the Marine Sciences. The Director of the National Science Foundation is organizing that program now.

The sea is the source, not only of minerals, but of vast food reserves. Animal protein—desperately needed by hundreds of millions of ill-fed human beings—abounds in the sea. With the strong support of the Congress, we are trying to develop economic and acceptable methods of converting fish protein into a usable source of food. I have directed the Secretary of Interior to proceed with this effort on an urgent basis.

Advancing Excavation Technology—The clutter of our land not only offends our sense of beauty, but also limits our capacity to live fully and work effectively. Living space itself is a valuable resource. Webs of wire, carrying power and communications services, mar the landscape. Congestion has reached serious proportions in many of our metropolitan centers.

A promising alternative to this clutter—the earth's depths beneath us—has received only passing attention. But it can provide a location for the arteries a modern city must have—the wires, pipes, tubes, passageways and parking spaces.

Subsurface excavation today is difficult, slow and expensive. One hundred miles of subway, to be built in major urban areas during the next 10 years, will cost more than $1 billion for excavation alone. Obviously, we must develop cheaper and better methods. *I recommend a program for research to develop rapid and low-cost excavation technology.*

The beauty of cities and rural areas can be protected and enhanced by placing utility transmission lines underground. Many technical problems remain unsolved, however, especially those involving high-voltage power lines.

I have directed the Secretary of the Interior to initiate a cooperative research program with industry, to find solutions to these technical problems, and to seek ways to reduce the cost of placing utility lines underground.

Non-Fuel Minerals—Sharply rising world demands threaten to exhaust the best and most accessible deposits of minerals. Rapidly changing demands for materials are bringing changes in our

mineral needs. We must understand the technological and economic changes taking place. The last comprehensive study of these problems was completed by the President's Materials Policy Commission in 1952. Much has happened in the past decade and a half. A new examination is needed.

I am requesting from the Congress the necessary funds for the Secretary of the Interior to sponsor a comprehensive study of the problems involved in maintaining adequate and low-cost supplies of non-fuel minerals.

Energy Policy—The number and complexity of Federal decisions on energy issues have been increasing, as demand grows and competitive situations change. Often decisions in one agency and under one set of laws—whether they be regulatory standards, tax rules or other provisions—have implications for other agencies and other laws, and for the total energy industry. We must better understand our future energy needs and resources. We must make certain our policies are directed toward achieving these needs and developing those resources.

I am directing the President's Science Adviser and his office of Science and Technology to sponsor a thorough study of energy resources and to engage the necessary staff to coordinate energy policy on a government-wide basis.

WATER—ABUNDANT AND PURE

As our population increases, our cities grow, and our industry expands, water becomes an increasingly precious resource. Many regions of the country are facing critical problems of water supply. We must thoroughly explore every means for assuring an adequate supply of pure water to arid areas like the Southwest.

I am renewing my recommendation for the enactment of legislation to establish a National Water Commission. Working with the Water Resources Council and with Federal, State and private agencies, the Commission will examine our major water problems and develop recommendations, guidelines, and long-range plans for the most effective use of available water resources.

Adding to our pure water supply is not enough. The steady encroachment of pollution continues, throughout America's rivers, lakes, and coastal waters. During the last year-and-a-half, we have acquired important means for resisting its progress. Ultimately, we shall use those means to turn it back decisively:

- The Water Quality Act of 1965 requires that water quality standards be set on all interstate and coastal waters, and calls for plans to achieve those standards.
- The transfer of the water pollution program to the Department of the Interior permits the comprehensive management and development of the nation's water resources.
- The Clean Water Restoration Act of 1966 creates new incentives for states and cities, in partnership with industry and the Federal Government, to develop basin-wide plans for pollution control.

These actions recognize that polluted waters are not a problem of individual cities, or counties, or States. Each water pollution problem is as broad and as long as the watershed it affects. To win the battle against pollution, we must concentrate our effort on entire river basins.

In 1967, the Secretary of the Interior will:

- Review and approve effective State water quality standards which will serve as a guide for our clean-up effort.
- Encourage effective and economical river basin plans for pollution control.
- Support work on advanced treatment methods, to allow the re-use of waste water at reasonable costs.
- Explore with the Chairman of the President's Council of Economic Advisers appropriate measures to encourage industry and local governments to abate water pollution.

THE ENDOWMENT OF NATURE

We must not only resist the spread of pollution in our environment—but we must also preserve what remains of the natural beauty and tranquility that was here long before man came. We must create new occasions for people to encounter that beauty, and to experience the re-creation of the heart that occurs in the natural universe.

Parks for America—In recent years, we have added considerably to our national recreational estate. Last year, I recommended, and the Congress authorized the Cape Lookout National Seashore off North Carolina, Indiana Dunes National Lakeshore near Chicago, Pictured Rocks National Lakeshore on Lake Superior, Bighorn National Recreation Area in Wyoming and Montana, and Guadalupe Mountains National Park in Texas.

But the need for more protected areas is still great. We must make significant additions to our present domain of land and water merely to keep pace with the need.

Therefore, in addition to the National Parks and Recreation Areas I have previously proposed, I recommend that the 90th Congress:

- *Establish* a *Redwoods National Park in Northern California*. We must preserve a significant acreage of these primeval redwoods as a National Park. This is a "last chance" conservation opportunity. If we do not act promptly, we may lose for all time the magnificent redwoods of Northern California.
- *Establish* a *National Park in the North Cascades area in the State of Washington,* provided that the wilderness and recreation areas are protected. This spectacular area of unparalleled mountain masses, glaciers, meadows, and timbered valleys is close to major metropolitan areas, and lies entirely within National Forests.
- *Establish Potomac Valley Park in Maryland, Virginia and West Virginia.* This park, creating green and open spaces along the reaches of the Potomac would help make the Potomac Valley a model scenic and recreation area for the Nation.
- *Establish the Apostle Islands National Lakeshore in Wisconsin,* to add a superb string of islands to our national seashore system.

Wilderness Areas—In 1964, the Congress authorized a Wilderness System, to preserve for future generations of Americans large areas of undeveloped lands in their natural state. The enabling legislation called upon the President to make recommendations for the inclusion of certain additional areas within the system.

In accord with that law, I recommend legislation to authorize the first addition to the Wilderness System since its establishment—an area to be known as the San Rafael Wilderness, Los Padres National Forest, California. We will submit recommendations for other additions to the Wilderness System in the coming months.

Scenic Rivers and Trails—*I renew my recommendation—overwhelmingly approved by the Senate during the 89th Congress—to establish a National Scenic Rivers System to maintain and restore segments of selected rivers in their natural state.* This Scenic Rivers System will enable future generations of all Americans to know and experience this significant part of their natural heritage.

I again urge the Congress to establish a nationwide system of Trails. We should begin with authorization of the Appalachian Trail from Maine to Georgia. The system should include similar status for the Pacific Crest and Continental Divide Trails from the Canadian border almost to Mexico, and for the Potomac Heritage Trail along that great river from Tidewater to its source. Our proposal will call for expansion of metropolitan, State, and Federal trails where our people can hike and bicycle and ride horseback—near the cities in which they increasingly live.

Timely Acquisition of Recreation Areas—We are seriously hampered by rapidly rising land costs when we seek new areas for recreation. Average land prices are increasing at a rate of almost 10 percent a year. The cost of land for recreation is spiraling at a considerably higher rate. This diminishes the effectiveness of our program of State grants and Federal purchases of land for parks and recreation areas. We must act promptly to assure that we can acquire needed recreation lands before the price becomes prohibitive. The most effective means of controlling the increase in the price of land is to acquire the lands quickly after authorization by the Congress.

To speed up the acquisition of recreation lands, I recommend a $142 million appropriation to the Land and Water Conservation Fund for fiscal 1968. This is nearly a third higher than the amount appropriated in 1967. For the first time, it includes a $32 million advance appropriation from general funds to accelerate the purchase of lands for parks and other recreational purposes.

PROTECTING OUR NATURAL HERITAGE

There is much to be done. And we are losing ground. The air and water grow heavier with the debris of our spectacular civilization. The domain of nature shrinks before the demands of commerce.

We can build, for a time, a rich nation surrounded and permeated by poisoned elements. By ignoring the poisons, or treating them in a casual, piecemeal way, we can endure in their midst for decades.

But here in America, we started out to do more than simply endure. We intended to live as men should live, working hard, raising families, learning, building—and breathing clean air, swimming in clear streams, finding a part of the forest or the shore where nobody else was.

If we are to have that America, we shall have to master the consequences of our own prosperity—and the time to begin is now.

THE "DEFINITE ACTION"

Message on America's Servicemen and Veterans, January 31, 1967

To the Congress of the United States:

On January 28, 1943, in a fireside chat on the progress of the war and plans for peace, President Franklin D. Roosevelt told the nation:

> ". . . the members of the armed forces have been compelled to make greater sacrifices than the rest of us . . . they are entitled to definite action to take care of their special problems."

America has taken that "definite action." It has responded to the needs of the men and women who have carried the banner of liberty in time of danger.

We have not forgotten the veterans of past wars. At Belleau Wood and Chateau Thierry, at Normandy and Midway and at Heartbreak Ridge, these brave men earned an honored place in history. Their sacrifices have brought greater justice and decency to the world.

Today, the members of our Armed Forces are again fighting and giving their lives in the defense of freedom. It is essential that we convey to them—and to all Americans—our full recognition and gratitude for their service in Vietnam and in other troubled areas of the world.

CAUSE TO BE PROUD

Never have we had more cause to be proud of our Armed Forces. When I visited Cam Ranh Bay last October, I could see that the morale of our men was high for they are determined to succeed. General William Westmoreland, their commander, told me that our troops were the finest the United States had ever placed in the field. We must take "definite action" for them.

Many civilian employees of the Federal Government are also working in the villages of South Vietnam, providing the help that a young nation must have to grow and become strong. These employees are exposed to the hazards and dangers of a war which has no front line. We must also extend special benefits to them.

SERVICEMEN AND VETERANS

In the past two years, you in the Congress have enacted and I have signed a series of measures to help honor our commitment to Americans now serving or recently separated from the Armed Forces:

- Two military pay raises since August 1965, an average increase of 13.6 per cent.
- A new cold war "G.I. Bill" to speed the readjustment of returning servicemen through new education, training, medical and home loan benefits.
- An increase in hostile fire pay.
- A comprehensive "military medicare" program.

- A $10,000 servicemen's group life insurance program.
- A 10% average increase in disability compensation and enlarged benefits for surviving children and dependent parents of those who died as a result of a service-connected injury.

We must now take additional steps to fulfill our obligations to those who have borne the cost of conflict in the cause of liberty.

I propose the Vietnam Conflict Servicemen and Veterans Act of 1967. This important legislation has six major objectives:

First, to remove the inequities in the treatment of veterans of the present conflict in Vietnam.

Second, to enlarge the opportunities for educationally disadvantaged veterans.

Third, to expand educational allowances under the G.I. Bill.

Fourth, to increase the amount of Servicemen's Group Life Insurance.

Fifth, to increase the pensions now received by 1.4 million disabled veterans, widows and dependents.

Sixth, to make certain that no veteran's pension will be reduced as a result of increases in Federal retirement benefits, such as social security.

Equal Benefits for Vietnam Veterans—Veterans of the Vietnam conflict should receive benefits comparable to those granted to their comrades of World War I, II and Korea. Prior legislation has equalized many of the benefits. But, because of certain gaps in the law, today's veteran, his family and his children are ineligible for a number of benefits other war veterans receive.

It is only right that these loopholes be closed. It is a matter of simple fairness that the veteran of the Mekong Delta and Chu Lai be placed on a par with the veteran of Pork Chop Hill and Iwo Jima. The Senate passed—and my Administration supported—such a measure last year.

I recommend that the following benefits be extended to veterans who have served on or after August 5, 1964:

- *Disability compensation at full wartime rates for all veterans.*
- *Disability pensions for veterans and death pensions for widows and children.*
- *Special medical care benefits, including medicines and drugs for severely disabled veterans on the pension rolls.*
- *$1600 toward the purchase of an automobile by veterans with special disabilities.*

Educational Opportunities for the Veteran—Since last June, when the new G.I. Bill went into effect, more than 500,000 veterans have applied for education and training benefits. Thousands more are signing up each week. Today, over one quarter of a million returning servicemen and women are preparing for the future and learning new skills in universities, colleges, and technical and vocational schools across the Nation. By the end of Fiscal 1968, this number will increase to more than 500,000.

While the new G.I. Bill is less than a year old—and an outstanding success—we can still work to extend and improve it.

Even today, some 20 per cent of those separated from the Armed Forces each year—about 100,000 young men—have not completed high school. Many of these young veterans have the ability and desire to better themselves. All too often, they lack the financial means to complete their high school education and enter college.

As a nation, we cannot afford to neglect this valuable manpower resource.

The present G.I. Bill makes *no special provision* for a returning serviceman who needs to finish high school or take a "refresher course" before he can enter college. In fact, it works in just the opposite way. For each month the veteran pursues a high school education under the G.I. Bill, he loses a month of eligibility for college benefits under the law.

This situation must be changed. *I recommend legislation to provide full G.I. Bill payments to educationally disadvantaged veterans so that they can complete high school without losing their eligibility for follow-on college benefits.*

We are taking a further step. In recent months, thousands of men who would have been rejected for military service because of insufficient educational achievement are being accepted. 40,000 men will enter the service in the first year of this new program, and 100,000 each year thereafter. Its purpose is to provide the intensive training needed to make these young men good soldiers. Upon the completion of their military service, they will be better educated and equipped to play productive and useful roles as citizens.

I am directing the Secretary of Defense to find new ways to improve this program.

The time has also come to increase the educational assistance allowance under the G.I. Bill. A single veteran pursuing a full-time course receives $100 a month to help him finance his education. This amount is less than the

President Johnson and General Westmoreland greet Airmen at Camranh Bay, October 26, 1966.

$130 a month paid to the child of a deceased or disabled veteran who may be taking the same courses at the same school.

The veteran going to school is usually older and may bear heavier responsibilities. *I recommend an increase in the monthly educational assistance allowance under the G.I. Bill from $100 monthly to $130 for a veteran.*

In accord with the present scale of benefits, a married veteran with children receives $150 monthly under the G.I. Bill, regardless of the number of children he has. To help veterans with families who wish to continue a full-time educational program, *I recommend that the monthly payment be increased by $10 a month for the second child and $10 a month for each additional child.*

These increases in the educational assistance allowance will benefit the more than 250,000 veterans now enrolled in schools under the G.I. Bill.

Life Insurance—There can never be adequate compensation for those who suffer the loss of a loved one on the field of battle. We can, however, help ease their financial burden in time of sorrow. Through a combination of So-

Sergeant Ronald G. Berry of Rapid City, South Dakota, treats a Montagnard child for an eye infection.

cial Security, dependency and indemnity compensation, and other benefits they are being relieved of much of the economic hardship.

In addition, the 89th Congress enacted a Group Life Insurance Program for servicemen. Under this law, a member of the Armed Forces may purchase up to $10,000 in life insurance. The government pays a large part of the cost.

With the outstanding cooperation of the Nation's insurance firms, this program has worked smoothly and effectively.

We should now raise the limits of coverage. This will provide a further career incentive for the men and women of the Armed Forces as well as added protection for their loved ones.

I recommend an increase in the amount of available Serviceman's Group Life Insurance, from a maximum of $10,000 to a minimum of $12,000—with higher amounts scaled to the pay of the serviceman—up to a maximum of $30,000.

This proposal would carry out a recommendation of the Cabinet Committee on Federal Retirement Systems. It is in line with the general principle that the amount of Group Life Insurance should be geared to the amount of salary earned. It will provide a substantial amount of insurance for all members of the Armed Forces. And it will permit servicemen returning to civilian life to continue the insurance at prevailing commercial rates, without regard to their physical condition.

Veterans of Past Wars—The legislation I have proposed above primarily reflects the public concern for the welfare of veterans of the Vietnam conflict. But this Administration has not forgotten the veterans, dependents, and survivors of earlier wars.

Today, there are about 94 million Americans who fall into this category—almost one out of every two persons in the Nation.

The last several years have witnessed dramatic improvements in the range and quality of services and benefits available to our veterans and their families.

I have asked for and Congress has approved veterans' appropriation *increases* of $300 million each year for the past three years. Except for the two years immediately after World War II, my veterans budget for fiscal 1968 of $6.7 billion is the highest in history.

Those programs for veterans and their families which have been expanded include:

- a 10% increase in pensions
- a 30% increase in subsistence allowance for veterans receiving vocational rehabilitation training

We are also providing the best medical care a grateful and compassionate nation can offer.

Last year more than 740,000 sick and disabled veterans were patients at VA hospitals. Four new hospitals have been opened in the past two years. Five more are scheduled to be completed within the next eight months. With the modernization of six additional hospitals, over 15,000 new beds will be added for disabled veterans during the coming year.

Special medical research is also being pursued in pioneering areas such as organ transplant, chronic lung disease and dramatically new methods of fitting artificial limbs. This year I have asked for over $46 million to support this vital work.

Nor have we forgotten the veteran who because of disability and age may be in needy circumstances.

We are helping to meet their needs through wide-ranging improvements in the Social Security, Senior Citizens, Education, Health, and Children's Programs. I have already submitted a number of those recommendations to the 90th Congress. I will submit others shortly.

Although many of these new proposals will have an important relationship to programs for veterans and their survivors it is important that we do more.

To help meet today's cost of living, we should raise the standard of living for disabled veterans, and the widows and other dependents of deceased veterans receiving pensions.

I propose, effective July 1, 1967, a 5.4 per cent increase in the pensions of 1.4 million veterans, widows and dependents.

Last week I proposed to Congress a 20 per cent overall increase in social security payments—representing the greatest increase in benefits since the Act was passed in 1935. Although these increases will benefit millions of older Americans, we must make certain they do not adversely affect the pensions paid to those veterans and dependents who are eligible for both benefits.

Accordingly, *I propose that the Congress enact the necessary safeguards to assure that no veteran will have his pension reduced as a result of increases in Federal retirement pensions, such as social security.*

A Comprehensive Study of Compensation, Pension and other Veterans Benefits—The proposals I have outlined will, I believe, strengthen our veterans' programs. But we must assure the continuing soundness of these programs.

I am directing the Administrator of Veterans Affairs, in consultation with leading veterans groups, to conduct a comprehensive study of the pension, compensation and benefits system for veterans, their families and their survivors. I have asked him to recommend to me by January 1968 proposals to assure that our tax dollars are being utilized most wisely and that our Government is meeting fully its responsibilities to all those to whom we owe so much.

CIVILIANS SERVING IN VIETNAM

Among those engaged in the effort to preserve freedom in Southeast Asia are civilian employees of agencies such as the Department of Defense, Department of State, Agency for International Development and United States Information Agency.

There are no front lines in Vietnam. These employees are frequently exposed to hazardous conditions. They have suffered terrorist attacks in hamlets, villages, and even in the larger cities. Despite their status as civilians, many have been killed, seriously wounded, or reported missing.

The laws now governing Federal civilian employment in overseas areas has not kept pace with the times. Civilians who risk their lives in the service of their country are entitled to special benefits.

I recommend that the Congress enact legislation to:

- Increase the salary differential for service at hazardous duty posts.
- Allow medical benefits to continue beyond the date of his separation for an employee who has been injured or become ill while serving in a hostile area.
- Extend similar medical benefits to the employee's family after his separation or death.
- Allow special travel expenses for employees after long service in hazardous areas, so they can be reunited with their families.
- Authorize up to one year's absence without charge to leave as a result of injury or illness due to hostile action.

I have outlined a program shaped to meet the needs of America's servicemen and veterans.

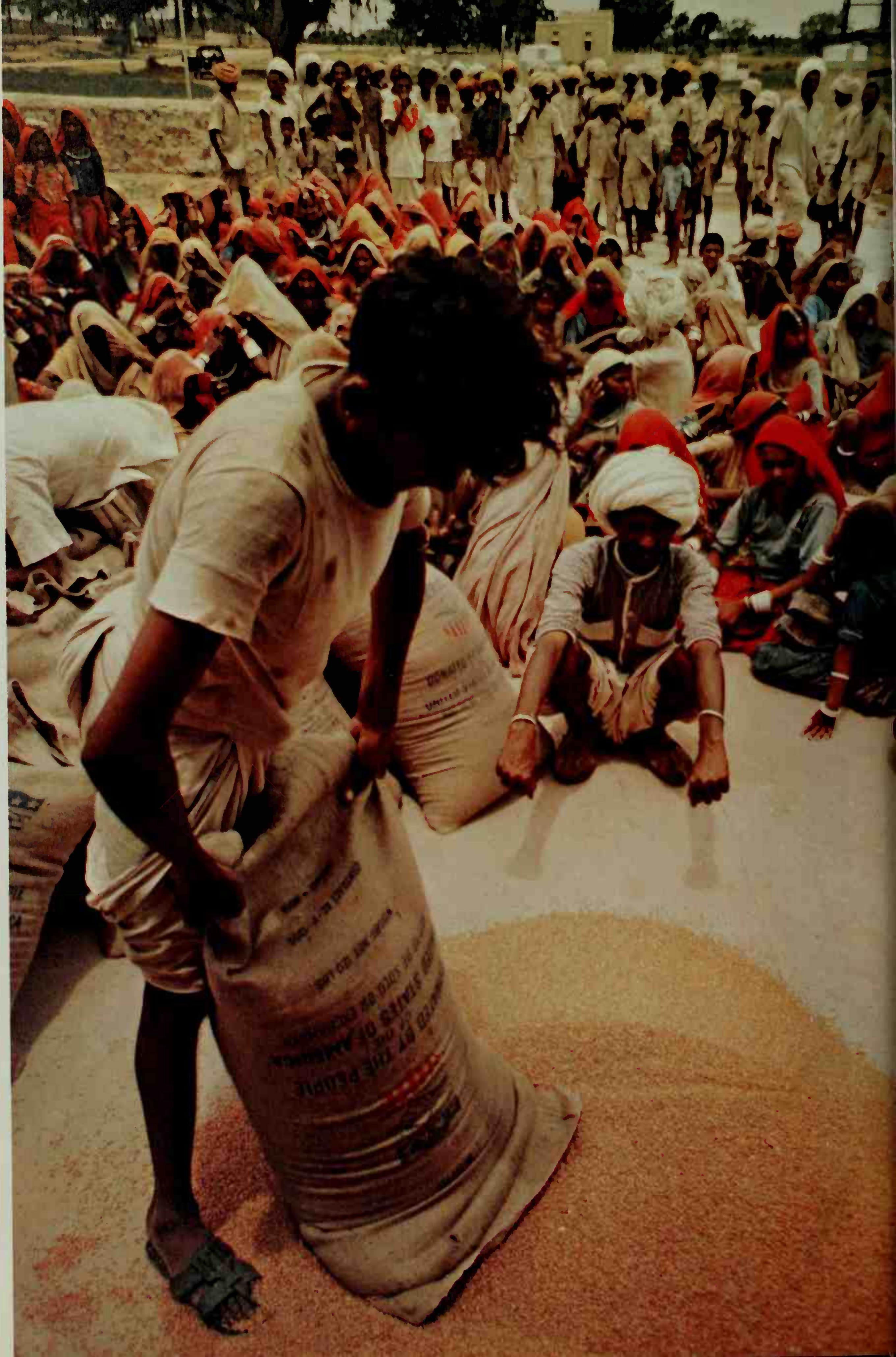
No act of Government, and no legislative proposal can ever repay the Nation's debt to these brave men.

They are away from their families and loved ones, serving the cause of liberty. They serve us all silently and well. And this grateful Nation is in their hands. Whether in a patrol along the wall in Berlin, or walking the 38th parallel, or in the air on a SAC alert, or in a nuclear submarine beneath the seas or on a sweep through a rice paddy in South Vietnam, their mission is freedom and their cause is just.

The measures I propose in some small way serve notice to these Americans—in and out of uniform—that we will never let them down. The Congress, the Executive Branch and the American people have accepted that obligation of honor to those who have fought and continue to fight in the defense of freedom.

The Congress, I believe, will want to consider and promptly enact this legislation.

Opposite and below: AID specialists advise South Vietnamese farmers on irrigation and crop production methods.



THE DAY OF NEED

Message on India Food, February 2, 1967

To the Congress of the United States:

Last February I proposed that all mankind join in a war against man's oldest enemy: hunger.

Last March I proposed that the United States take part in an urgent international effort to help the Government of India stave off the threat of famine.

I address you today to report progress in organizing the war against hunger and to seek your counsel on steps still to be taken. For again this year, drought in India—as in other nations—underlines the cruel mathematics of hunger and calls for action.

The problem is immense. It cannot be solved unless each country reaches a considered judgment on the course to be pursued. The greatest power on earth is the will of free peoples, expressed through the deliberative processes of their national assemblies. I ask you today to take the lead in a vital act of democratic affirmation.

INDIA IS NOT ALONE

India is not alone in facing the specter of near famine. One-half of the world's people confront this same problem.

India's plight reminds us that our generation can no longer evade the growing imbalance between food production and population growth. India's experience teaches that something more must be done about it.

From our own experience and that of other countries, we know that something can be done. We know that an agricultural revolution is within the capacity of modern science.

We know that land can be made to produce much more food—enough food for the world's population, if reasonable population policies are pursued. Without some type of voluntary population program, however, the nations of the world—no matter how generous—will not be able to keep up with the food problem.

We know, too, that our failure to act—and to act now—will multiply the human suffering and political unrest, not only in our generation but in that of our children and their children.

THE AIM OF THE WAR

The aim of the war against hunger is to help developing nations meet this challenge. It is the indispensable first step on the road to progress.

If we are to succeed, all nations—rich and poor alike—must join together and press the agricultural revolution with the same spirit, the same energy, and the same sense of urgency that they apply to their own national defense. Nothing less is consistent with the human values at stake.

Last year, many responded to India's emergency. Canada was particularly generous in sending food aid. Each member of the India Aid Consortium made a special effort to meet India's need. Non-members, Australia among others, also helped. The private contributions of the Italian and Dutch people were especially heartwarming. But the

AID and U.S. Department of Agriculture experts help fight plant disease in India.

bleak facts require a sustained international effort on a greater scale. Today I propose that all nations make the new Indian emergency the occasion to start a continuing worldwide campaign against hunger.

THE FIRST OBLIGATION

The first obligation of the community of man is to provide food for all of its members. This obligation overrides political differences and differences in social systems.

No single nation or people can fulfill this common obligation. No nation should be expected to do so. Every country must participate to insure the future of all. Every country that makes a determined effort to achieve sufficiency in food will find our government, our technical experts and our people its enthusiastic partners. The United States is prepared to do its share.

THE FACTS OF THE TIMES

In pursuing the War on Hunger, the world must face up to stark new facts about food in our times.

- *Food is scarce.* Nowhere is there a real surplus. Food aid must be allocated according to the same priorities that govern other development assistance.
- *Per capita food production in many parts of the less-developed world is not increasing.* In some cases, it is even declining. This grim fact reflects both a rising curve of population and a lagging curve of agricultural production.
- *There is no substitute for self-help.* The first responsibility of each nation is to supply the food its people needs. The war against hunger can only be won by the efforts of the developing nations themselves.
- *Food aid is a stop-gap, not a permanent cure.* It must be viewed as part of a nation's effort to achieve sufficiency in food, not as a substitute for it.
- *Agriculture must receive a much higher priority in development plans and programs.* The developing nations can no longer take food supplies for granted, while they concentrate on industrial development alone, or spend vitally needed resources on unnecessary military equipment.
- *Agricultural development must be planned as part of a nation's overall economic and social program.* Achieving a balance between population and resources is as important as achieving a balance between industrial and agricultural growth.
- *Fertilizer, seed, and pesticides must be provided in much greater quantities than ever before.* Their use increases food production and permanently changes the productive capability of farmers. A ton of fertilizer properly used this year can mean several tons of grain next year.

- *All advanced nations — including those which import food—must share the burden of feeding the hungry and building their capacity to feed themselves.*
- *The War on Hunger is too big for governments alone.* Victory cannot come unless businessmen, universities, foundations, voluntary agencies and cooperatives join the battle.
- *Developing nations with food deficits must put more of their resources into voluntary family planning programs.*

These are the facts your Government has been stressing throughout the world. Many of them are unpleasant. But our lives are pledged to the conviction that free people meet their responsibilities when they face the truth.

These facts draw into bold relief the two main thrusts in the offensive against hunger:

First, the hungry nations of the world must be helped to achieve the capacity to grow the food their people need or to buy what they cannot grow.

Second, until they achieve this goal, the developed nations must help meet their needs by food shipments on generous terms.

The level of food aid will decline as self-help measures take hold. Until that point is reached, food aid is an inescapable duty of the world community.

WE HAVE MADE PROGRESS

During the past year the advanced nations have made progress in preparing the ground for the international War on Hunger.

First, the pattern of international cooperation has steadily improved.

Last July we were pleased to act as host to a high-level meeting of the Development Assistance Committee of the Organization for Economic Cooperation and Development which focused primarily on the world food problem.

We encouraged greater contributions to the World Food Program by increasing our pledge to that program and by offering to match with commodities contributions in both cash and commodities from other countries.

We co-sponsored a resolution in the United Nations that launched a UN-Food and Agriculture Organization study of whether and how to organize a multilateral food aid program of vastly larger proportions.

In the Kennedy Round of trade negotiations, we have advanced a proposal to make available from all sources ten million tons of food grains annually for food aid, to be supported by grain exporters and importers alike. This proposal is now being discussed in Geneva as part of an International Cereals Arrangement.

We are now participating in a study initiated by the Food and Agriculture Organization—in cooperation with the World Bank, the UN and the OECD—to examine how multilateral action might increase the availability and effective use of fertilizers and other materials needed to speed up agricultural production.

At the OECD Ministerial Meeting this fall, we advanced a proposal to develop an Agricultural Food Fund to encourage private investment in the basic agricultural industries of the developing countries.

Second, the United States encouraged a multilateral response to last year's emergency in India.

The worst drought of the century threatened millions with starvation and countless more with disease born of malnutrition. As a result, I recommended, and you in the Congress approved, a program to send over 8 million tons of food grain to India. In an unprecedented display of common concern, governments, private organizations and individuals in 42 other nations joined in providing $180 million in food and other commodities to meet the needs of that country. Over-all, India imported almost 11 million tons of grain and used several million tons from its own emergency food reserves.

The fact that India did not experience famine ranks among the proudest chapters in the history of international cooperation. But last year's effort—heartening as it was—was hasty and improvised. The world must organize its response to famine—both today and for the years ahead.

Third, this year's economic aid program makes agricultural development a primary objective.

The AID program which I will shortly send to the Congress, includes funds to finance imports of fertilizer, irrigation pumps, and other American equipment and know-how necessary to improve agriculture in the developing countries.

Fourth, I proposed and the Congress enacted far-reaching legislation which provides the strong foundation for the new Food for Freedom program.

The central theme of the program is self-help. The legislation authorized concessional sales of food to countries which prove their determination to expand their own food production.

THE ADVANCE IN INDIA

All of us know where the real battle is fought. Whatever the efforts in world capitals, the real tale is told on the land. It is the man behind the mule—or the bullock—or the water buffalo—who must be reached. Only his own government and his own people can reach him.

Thus, the most important progress of the past year has occurred in the developing countries themselves. And there is progress to report.

India—the largest consumer of food aid—perhaps provides the best example.

This has been a year of innovation in Indian agriculture. Agricultural development now has top priority in India's economic plan. Much remains to be done. But the evidence is unmistakable. India has started on the right path. India has:

- Imposed a food rationing system to make efficient use of existing supplies.
- Streamlined its transportation system to improve distribution.
- Increased prices paid to the farmer, thus providing new incentives to use fertilizer, improved seeds and other modern materials.
- Begun large-scale operations with new varieties of rice introduced from Taiwan and with large quantities of high-yielding wheat seed imported from Mexico.
- Approved plans to increase public investment in agriculture by more than 100% during the new Five Year Plan.
- Started to expand rural credit, improve water supply and accelerate the distribution of fertilizer to remote areas.
- Stepped up family planning.
- Negotiated an agreement for the first of several externally financed fertilizer plants to expand India's supply of home-produced fertilizers.

IT IS ONLY A START

India is off to a good start. But it is only a start. As Indian officials have warned, hard work remains in reaching targets they have set and in improving cooperation among state governments. India's economic problems are enormous. But they can be solved.

What India has begun to do represents the growing realization in the developing world that long-term economic growth is dependent on growth in agriculture. Not every country has made an effort as great as India's. But in some countries, production has improved more rapidly.

Everywhere there is an air of change. No longer does industrial development alone attract the best minds and talents. Agriculture is now attracting the young and more enterprising economists, administrators and entrepreneurs in the developing world.

This is the best measure of progress in the War on Hunger and the best assurance of success.

THE STRATEGY FOR SURVIVAL

India's food problem requires a major commitment of our resources and those of other advanced countries. India's population is equal to that of 66 members of the United Nations.

Broad authority exists under our legislation for national action by Executive decision alone. But the issues presented here are of such moment, and on such a scale, as to make it important that we act together, as we do on other great issues, on the firm foundation of a Joint Resolution of Congress.

I ask you to support the broad approach we have proposed to the international community as a basic strategy for the War on Hunger. That strategy rests on three essential principles:

1. *Self help.* The War on Hunger can be won only by the determined efforts of the developing nations themselves. International aid can help them. But it can only help if they pursue well-conceived and well-executed long-range plans of their own.
2. *Multilateral participation.* The assistance of the international community must be organized in a coalition of the advanced and the developing nations.
3. *Comprehensive planning.* The international community must develop a comprehensive plan to assist India to fulfill its program of achieving food sufficiency, not only during this year, but for the next few years as well.

Most of you are familiar with the events of the past year. Drought limited India's food grain production to 72 million tons in the 1965-66 crop year, compared with a record 88 million tons

the previous year. A massive international emergency program met the immediate crisis. But India had to use precious food reserves—that are thus not available to meet the shortages created by a second successive bad crop.

The weather since then has brought little relief. The general outlook is slightly improved, and over-all production may reach 79 million tons this year. But late last summer a severe drought hit heavily-populated areas in north-central India. Unless Indian production is supplemented by substantial imports—perhaps 10 million tons by present estimates for calendar 1967—more than 70 million people will experience near famine.

The Government of India has already taken internal measures to move grain from its more fortunate areas to the drought areas. Imports of 2.3 million tons of grain are now in the pipeline to meet India's needs for the first two or three months of 1967. India has purchased some 200,000 tons of this grain with her own scarce foreign exchange. Canada with 185,000 tons, Australia with 150,000 tons and the Soviet Union with 200,000 tons have already joined the United States with its 1.6 million tons, in an impressive multilateral effort to help.

THE IMMEDIATE PROBLEM

India's immediate problem—and the world's problem—is to fill the remaining gap for the balance of this year.

Because these facts bear heavily on the extent of U.S. food shipments, I have requested and received careful verification from our Ambassador in New Delhi, from the Secretary of Agriculture and from members of Congress, who have recently been in India, including Senator McGee and Senator Morse.

I am particularly grateful to Representative Poage and Representative Dole and Senator Miller, who at my request made a special trip to India in December to assess the situation on the ground. Their careful and thorough analysis of the situation in India and their recommendations to me have been of great value.

During the last two weeks, the Under Secretary of State for Political Affairs and the Under Secretary of Agriculture have consulted in New Delhi and with most members of the World Bank's India Consortium.

The work of all these men and the diplomatic efforts of the Government of India have laid the foundation for the steps we must now take.

The United States cannot—and should not—approach this problem alone or on an improvised basis. We must support the Indian Government's efforts to enlist the aid of other nations in developing a systematic and international approach to the problems of Indian agriculture. Our long term objective is to help India achieve its goal of virtual self-sufficiency in grain by the early 1970's. Meanwhile, as part of that effort, we must help India meet its immediate food needs.

BLUEPRINT FOR ACTION

In line with policies established by the Congress, and after promising consultations with the Government of India and other governments involved, I recommended the following steps to achieve these objectives:

First: Our basic policy is to approach the problem of Indian food through the India Aid Consortium organized under the chairmanship of the World Bank. That Consortium has already developed a multilateral approach to economic assistance for India. Now, we propose to make food aid a part of that multilateral assistance program. We seek effective multilateral arrangements to integrate Indian food aid with broader programs of economic assistance and with capital and technical assistance for agricultural development.

In a preliminary way, we have consulted with the Government of India and with other members of the Consortium. There is substantial agreement among Consortium members on the major points of our proposal:

- Meeting food needs of India during this emergency should be accepted as an international responsibility in which each nation should share;
- Emergency food and food-related aid should be coordinated through the World Bank Consortium;
- This aid should not diminish the flow of resources for other development programs. It should be in addition to the targets for each country suggested by the World Bank.

Adding food aid to the responsibilities of the Consortium is sound economics and fair burden-sharing. The Consortium provides a proper channel for the food and food-related aid of donors who have not previously been involved in the food field. It will make clear that food provided from outside is as much a real contribution to Indian development as capital for specific projects or foreign exchange assistance for import programs.

Second: Should this program be established, we will support the Indian Consortium as it:

- Undertakes a detailed projection of Indian food production and food aid requirements;
- Prepares a program for non-food imports required to meet food production targets, as the basis for determining the equitable share of each donor;
- Review India's self-help efforts, reports regularly on progress and identifies areas for future concentration of energies.

Third: We must take prompt action to help India meet its emergency food needs. Our best present estimate is that India needs deliveries of 10 million tons of food grains this year or roughly $725 million worth of food. 2.3 million tons, roughly $185 million, are already in the pipeline from a number of countries, including our own. To keep food in the pipeline, I am making an immediate allocation of 2 million tons, worth nearly $150 million, to tide India over while the Congress acts.

I recommend that Congress approve a commitment to share fully in the international effort to meet India's remaining food grain deficit of 5.7 million tons—worth about $400 million. To that end, I recommend a U.S. allocation of an additional amount of food grain, not to exceed 3 million tons, provided it is appropriately matched by other countries. I recommend that approximately $190 million available to the Commodity Credit Corporation in calendar 1967 be used for this purpose. These funds, if allotted, will have to be replenished by appropriation in Fiscal 1968.

Fourth: I recommend your approval of an allocation of $25 million in food commodities for distribution by CARE and other American voluntary agencies, to assist the Government of India in an emergency feeding program in the drought areas of Bihar and Uttar Pradesh.

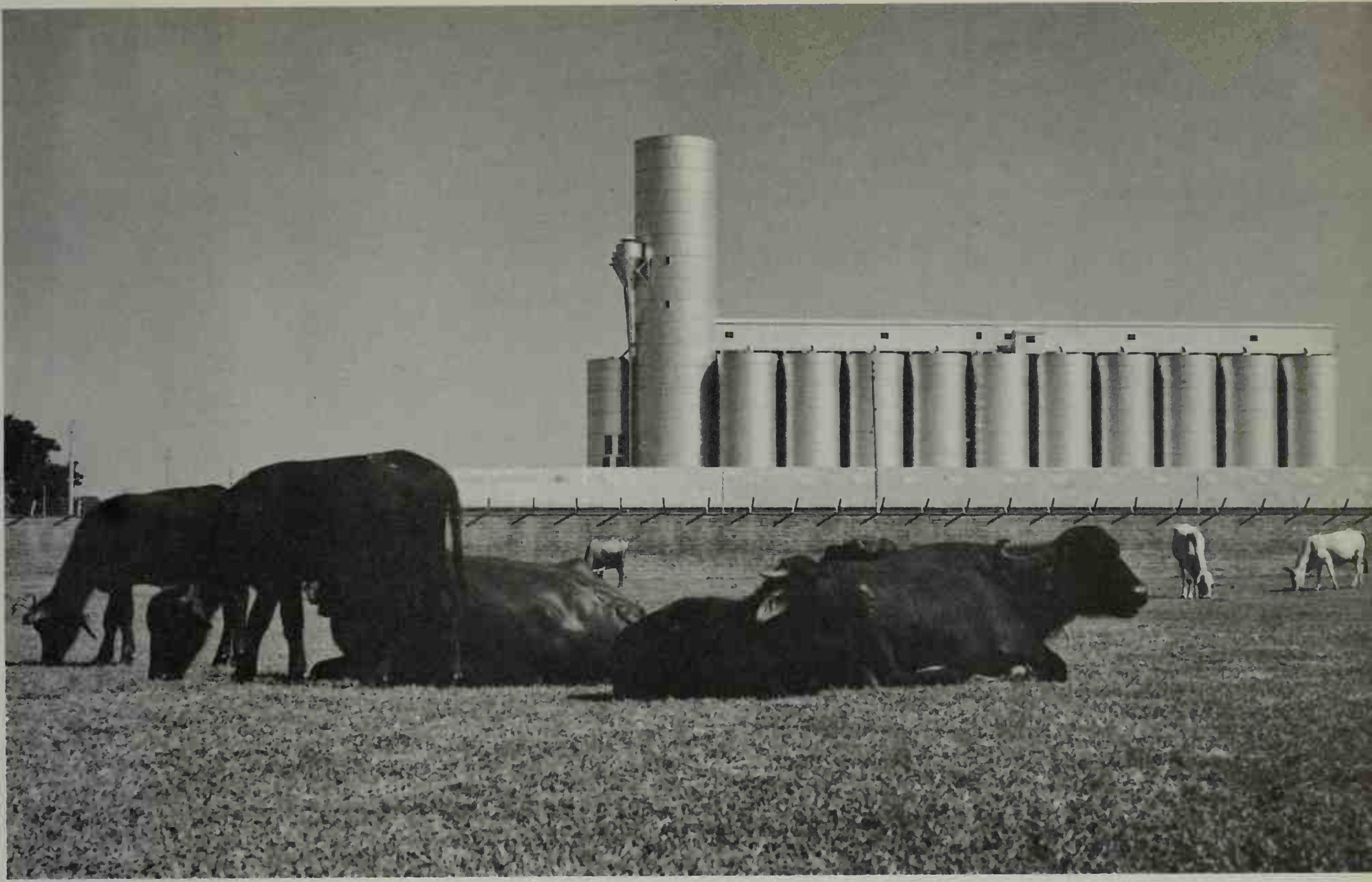
Fifth: We hope other donors will accelerate their exports of fertilizers to India.

Unless the application of chemical fertilizers rises sharply in India, she will not be able to meet her food grain targets. Those fertilizer targets are ambitious, yet they must be met and if possible, exceeded. Marshaling more fertilizer imports is as important to meeting India's emergency as gathering additional grain. India herself must take prompt steps to increase her fertilizer investment and production and improve its distribution.

Sixth: I propose for the longer run to continue encouraging U. S. private investors to participate in India's program to expand production of chemical fertilizers. We will urge other governments to encourage their own producers.

Seventh: We intend to pursue other initiatives in the broader context of world agricultural development:

- We shall continue to press for multilateral efforts in every international forum in which we participate, including the current negotiations to establish a food aid program as part of an International Cereals Arrangement.
- We shall continue our policy of encouraging private capital and technology to join the War on Hunger.
- We shall press for the creation of an investment guarantee fund by the OECD to encourage private investment in the agricultural industries of developing countries.
- We shall make available to food deficit nations the technology our scientists have now developed for producing fish protein concentrate.
- We shall look to the study by the President's Science Advisory Committee



A modern grain storage elevator at Hapur, near New Delhi, built and operated under American aid programs.

the foundation for the entire international effort to help India. We believe that a self-reinforcing process of improvement is under way in India, affecting both agricultural techniques and government administration. On the basis of that conviction, we can move forward to do our share under the Food for Freedom Program of 1966.

THE DEEP NATIONAL PURPOSE

I believe these proposals are in our national interest. I believe that they reflect the deepest purposes of our national spirit.

I am asking the Congress, and the American people, to join with me in this effort and in an appeal to all the on the problems of food production to supply further and more definitive guidelines for near-term action and for long-range planning.

None of these steps can be as important as Indian resolve and Indian performance. The Indian Government is committed to a bold program of agricultural modernization. That program is nations of the world that can help. I am asking the Congress to consider thoroughly my recommendations and to render its judgment. The Executive Branch, this Nation and other nations will give full attention to the contributions that Congressional debate may produce.

There are many legitimate claims on our resources. Some may question why we devote a substantial portion to a distant country.

The history of this century is ample reply. We have never stood idly by while famine or pestilence raged among any part of the human family. America would cease to be America if we walked by on the other side when confronted by such catastrophe.

The great lesson of our time is the interdependence of man. My predecessors and I have recognized this fact. All that we and other nations have sought to accomplish in behalf of world peace and economic growth would be for naught if the advanced countries failed to help feed the hungry in their day of need.

TO INSURE THE PUBLIC SAFETY

Message on Crime in America, February 6, 1967

To the Congress of the United States:

THE BACKGROUND

In the past three years, I have sent to the Congress many special messages on the human problems of our time. I have asked for legislation to improve the education, health, and economic opportunities of our people, and to enrich the physical environment in which we live.

Twice before I have spoken of the problem of crime because crime—like poverty, disease and ignorance—is a major social problem that directly or indirectly affects every American life.

In our democracy, the principal responsibility for dealing with crime does not lie with the national government, but with the States and local communities.

The same is true of education and public health. Yet as the Federal government has accepted a substantial responsibility in those fields—augmenting State and local efforts—it has also begun to pay increased attention to its role in the control of crime. For, better education, better health and better jobs are essential—but they are only part of our national task.

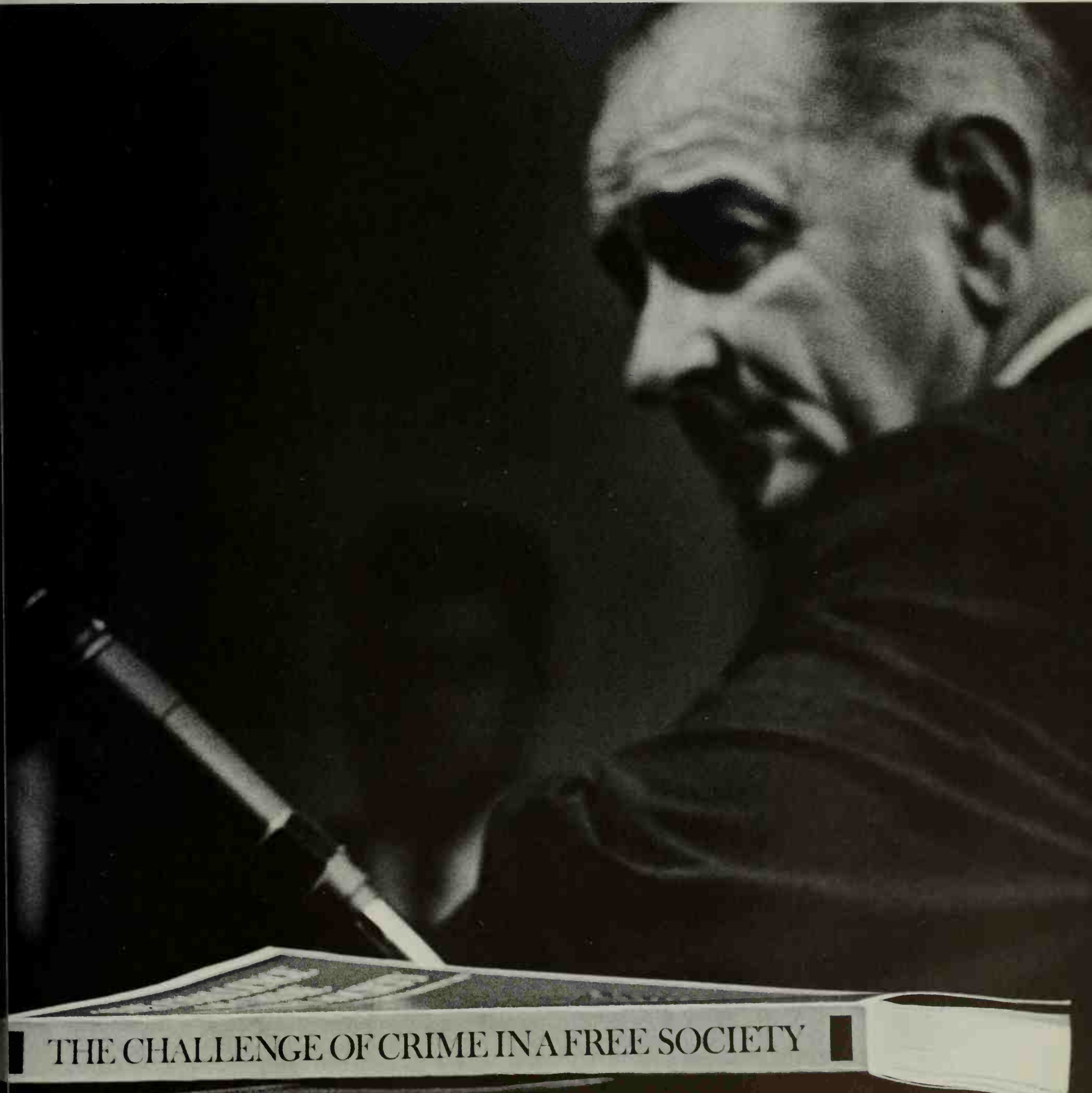
Public order is the first business of government.

When public order breaks down, when men and women are afraid to use the public streets, their confidence is seriously shaken. When hundreds of thousands of young people enter adulthood carrying the burden of police records, when contempt and mistrust too often characterize public attitudes toward lawful authority, all—young and old, private citizens and public officials—suffer the consequences.

Lawlessness is like a plague. Its costs, whether economic, physical or psychological, are spread through every alley and every street in every neighborhood. It creates a climate in which people make choices, not out of confidence, but out of fear.

Recently, a survey made in high crime areas of two of our largest cities found that:

- 43 percent of those interviewed stayed off the streets at night.
- 35 percent did not speak to strangers.
- 21 percent used only cabs and cars at night.


THE CHALLENGE OF CRIME IN A FREE SOCIETY

- 20 percent would like to move to another neighborhood.

All because of their fear of crime.

Whether these citizens had ever been victimized by a criminal, or had even witnessed a major crime, their fear of crime had effectively narrowed the scope of their lives—denying them pleasure, opportunity, and a sense of peace. For them, and for all of us, crime—and the fear of crime—has become a public malady. Its extent and gravity may be subjects for debate. But its existence is certain. So is our duty to seek its cure with every means at our command.

As I said in my State of the Union Message:

> "At the heart of this attack on crime must be the conviction that a free America—as Abraham Lincoln once said—must 'let reverence for the laws . . . become the political religion of the Nation.'
>
> "Our country's laws must be respected. Order must be maintained. I will support—with all the constitutional powers the President possesses—our Nation's law enforcement officials in their attempt to control the crime and violence that tear the fabric of our communities."

THE NATIONAL CRIME COMMISSION REPORT

Two weeks ago I received the report of the National Crime Commission, which I appointed in July 1965, to make the most comprehensive study of crime in the history of our country. That report is now being printed and will be available shortly.

It gives us an extraordinary insight into the nature of crime and criminal justice in America.

It cannot be summarized in a few paragraphs, but several of its findings give us some measure of our task:

- Over seven million people each year come into contact with one of the agencies of criminal justice in America. More than 400,000 are confined on any one day in correctional institutions.
- The cost of operating correctional services alone is $1 billion a year.
- Crime's cost to the economy is staggering. Property losses approach $3 billion a year. In many stores the cost of shoplifting and employee pilfering is as high as—in some cases, higher than—the profit margin. The economic cost of white collar crime—embezzlement, petty theft from businesses, consumer frauds, anti-trust violations and the like—dwarfs that of all crimes of violence.
- A great deal of crime is never reported to the police. Probably more than twice as many aggravated assaults, burglaries, and larcenies occur, as are reported. In some communities the figure may be 10 times as high.
- The incidence of crime is highest in the 15 to 21 age group. Fifteen-year olds commit more of the serious crimes than any other age group, with 16-year olds close behind. More than 50 percent of arrests for burglaries are of youths under 18.
- Most crimes of violence are committed by and against people who know each other.
- Those who commit crimes of violence more commonly do so against members of their own race. Relatively few major crimes are interracial.

Six principal themes run through the Crime Commission report:

1. *Crime prevention is of paramount importance.*

Prevention of crime means equipping police forces to respond quickly to emergency calls. It means reducing crime opportunities: from theft-proof ignition systems for cars, to stricter controls on the sale of guns, from better street lights and modern alarm systems to tactical deployment of police forces in high crimes areas.

But crime prevention also means elimination of the conditions which breed crime. In the words of the Crime Commission,

> "There is no doubt whatever that the most significant action, by far, that can be taken against crime is action designed to eliminate slums and ghettos, to improve education, to provide jobs, to make sure that every American is given the opportunities and the freedoms that will enable him to assume his responsibilities. We will not have dealt effectively with crime until we have alleviated the conditions that stimulate it. To speak of controlling crime only in terms of the work of the police, the courts and the correctional apparatus alone, is to refuse to face the fact that widespread crime implies a widespread failure by society as a whole."

2. *The system of criminal justice must itself be just and it must have the respect and cooperation of all citizens.*

So long as perfunctory, mass-production methods prevail in many lower courts, so long as scandalous conditions exist in many jails—where, in 1965, 100,000 children were held in adult jails, and where attempts to rehabilitate are almost non-existent — we cannot achieve full public confidence in the system of criminal justice.

What is required of that system is a profound self-analysis, the willingness to change, and a massive effort to:

—Improve the caliber and training of law enforcement, judicial and corrections officials.

—Strengthen the capability of police to detect crimes and apprehend those who commit them.

—Extend the range and quality of treatment services.

—Make full use of advanced scientific methods in the courtroom, to reduce frustrating and unfair delays and to make available to the sentencing judge all necessary information about the defendant.

—Provide better counsel for juveniles and for adults who cannot afford to provide their own.

—Improve communication and understanding between law enforcement authorities and the urban poor.

So long as we deny police, courts and correctional agencies the resources they need to provide fair and dignified public service, large elements of our population will challenge both the institutions of justice and the values they represent.

What is required of citizens in every community in America is an understanding, not only of the critical importance of first-rate law enforcement, but also of the difficulties under which their police, judges, and corrections officials labor today. If local citizens are prepared to cooperate with their own system of justice and to support it with the resources it needs to discharge its duty, those difficulties can be substantially reduced.

3. *Throughout the criminal justice system, better-trained people are desperately needed and they must be more effectively used.*

The Crime Commission found that current personnel practices in most jurisdictions often fail to attract high-caliber men and women. Requiring each new police officer to begin his career as a patrolman makes the lateral entry of better-qualified men almost impossible. There are today few means of tapping the special knowledge and skills of those brought up in slums. Today's single, rigid line of police promotion and service is inefficient. Critical shortages of specially trained policemen, probation and parole officers, teachers, caseworkers, vocational instructors, and group counselors are severely weakening the criminal justice system.

There are many ways to attack this problem. Some police chiefs suggested to the Crime Commission that many police forces could be restructured, to provide for

—*Uniformed "community service officers"*, who would maintain close relations with people in their areas and be alert to potentially dangerous conditions that should be brought to the attention of other city agencies for prompt action. These officers might not meet conventional educational requirements. They might even have had minor encounters with the law as teen-agers. But they would know their areas and the people who live in them.

—*Police officers,* who would perform the traditional police patrol duties. Typically these officers would have graduated from high school.

—*Police agents,* who would take on the most sensitive and complex police assignments—patrolling in the highest crime neighborhoods, staff duties, police-community relations, solving the most difficult serious criminal cases. Two years of college, and preferably a baccalaureate degree, might be required for assignment as an agent.

—Entrance into police service at any one of these three levels, or opportunities to work their way up through the different levels as basic education and other qualifications were met.

4. *A far broader—and more profound—range of treatment is needed than the present correctional system provides.*

This applies to offenders of all ages, but it is especially true—and particularly important for the young. Since the generation of children about to enter teen-age is the largest in our history, we can anticipate an even sharper rise in juvenile delinquency in the decade to come—unless we make drastic changes in the effectiveness of the criminal justice system, as well as in economic and social conditions.

Many offenders, the young most of all, stand a far better chance of being rehabilitated in their home communities, than in ordinary confinement. Recently, the California Youth Authority concluded a five-year experiment with various methods of treatment. Convicted juvenile delinquents were assigned on a random basis either to an experimental group where they were returned to their communities for intensive personal and family counseling, or to the regular institutions of correction. The findings to date are dramatically impressive:

—Only 28 percent of the experimental group had their paroles revoked.

—More than half—52 percent—of those confined in regular institutions later had their paroles revoked.

Falling back into crime was almost twice as great for those treated in regular institutions, as for those treated in the community. And it appears that the community treatment program costs far less than institutional confinement.

On the basis of this California experiment and its other studies, the Crime Commission concludes that local institutions related to the community, each housing as few as 50 inmates, and supported by a wide range of treatment services, should be developed throughout the country.

This will require the commitment of new resources by most communities. In a recent survey of juvenile court judges, 83 percent said that no psychologist or psychiatrist was available to their courts. A full third had neither probation officers nor social workers. Further, if many young offenders are better handled by community agencies other than juvenile courts, the potential of those agencies must be enlarged and fully tapped.

5. *Access to better information and to deeper and broader research is vital to police and correctional agencies.*

The Crime Commission found little research being done on the fundamental issues of criminal justice—for example, on the effect of punishment in deterring crime, or on the effectiveness of various police and correctional procedures.

Private research can be valuable. More State and local operations research is essential. Regional institutes for research should be established. Improved collection, dissemination and analysis of criminal justice statistics is essential for deeper insights into the causes of crime, its prevention and control, and better probation and correction programs. State and city planning would benefit from sounder and more precise predictions of future crime levels and problems.

6. *Substantially greater resources must be devoted to improving the entire criminal justice system.*

The Federal government must not and will not try to dominate the system. It could not if it tried. Our system of law enforcement is essentially local: based upon local initiative, generated by local energies and controlled by local officials. But the Federal government must help to strengthen the system, and to encourage the kind of innovations needed to respond to the problem of crime in America.

THE SAFE STREETS AND CRIME CONTROL ACT OF 1967

I recommend that the Congress enact the Safe Streets and Crime Control Act of 1967 to:

- *Provide planning and program grants to States and local governments.*
- *Establish, in the Department of Justice, a Director of a new Office of Law Enforcement and Criminal Justice Assistance.* The agency he heads will be a cooperative link with State and local agencies of criminal justice. It will give us the practical means of assisting and encouraging modernization throughout the system. It will operate the grant program established under the Act, and focus research on the causes, prevention, and control of crime.

I am requesting $50 million in fiscal 1968 under the Safe Streets and Crime Control Act, largely for planning grants, research and pilot projects. Our best estimate is that the Federal investment under this Act in the second year will be approximately $300 million. The Federal investment beyond the second year will depend upon the effective response of State and local governments.

I recommend Federal grants of up to 90 percent to States, cities and regional and metropolitan bodies to assist them to develop plans to improve their police, courts, and correctional systems.

Through these grants, we intend to encourage comprehensive approaches to the problems of crime. The close interlocking of every element in the criminal justice system makes comprehensive planning mandatory.

To illustrate: the Crime Commission recommends that drunkenness should be regarded as a criminal offense only when it is accompanied by disorderly conduct. Today, one-third of all arrests are for drunkenness. Two million arrests for drunkenness burden the police, clog the lower courts and crowd places of detention. If, instead of treating drunkenness as an ordinary crime, local authorities chose to create a civil de-toxification program, the consequences of that choice would be felt throughout the law enforcement and corrections systems.

Almost any reform of this nature will have significant secondary effects. Treating each reform as an isolated matter will create conflicts and loss of effectiveness throughout the system. Thus, the grants under this provision will require that comprehensive plans be developed that take into account the interrelationship among all aspects of law enforcement, courts and corrections, as well as closely related social programs.

I recommend Federal grants of up to 60 percent to support approved programs in action.

These grants would encourage innovative efforts against street crime, juvenile delinquency, and organized crime.

To be eligible, the State or local governing body—or bodies—must show an increase in its own expenditures by an annual increment of five percent. The 60 percent grant would be applied against the cost of the program in excess of that increment. It must also show that it has adopted a comprehensive plan, containing clear priorities and balancing the needs of all parts of the criminal justice system.

Some of the local and regional programs that might qualify for grants would provide:

- Better training for criminal justice personnel.
- Various innovative techniques, such as tactical squads, special street lighting, new public alarm systems.
- More effective alarm systems.
- Two-way radio and multiple-channel police networks.
- Coordinated information systems for all law and corrections officials.
- New rehabilitation techniques and the personnel to employ them.
- Salaries for criminal justice personnel where associated with special training or innovative programs. With respect to other criminal justice personnel not engaged in such programs, up to, but not more than—one-third of Federal grant may be used for salaries.

To be approved, a plan must meet a number of qualifying tests. Among them, the plan must:

- Apply to a jurisdiction, or combination of jurisdictions, with a population of at least 50,000 persons.
- Deal with all law enforcement and criminal justice agencies in the area covered by the plan, unless the Attorney General determines that it is not practicable to do so.
- Set forth priorities for the improvement of all aspects of law enforcement and criminal justice affected by the plan, based upon the identification of needs and problems.
- Incorporate innovations and advanced techniques.
- Demonstrate the willingness of State or local bodies to assume the costs of improved law enforcement and criminal justice systems after a reasonable period of Federal assistance.

I recommend Federal grants of up to 50 percent for the construction of significant new types of physical facilities, on a regional or metropolitan basis, such as:

- crime laboratories,
- community correction centers,
- police academy-type centers.

RESEARCH AND SPECIAL PROJECTS

Under the Law Enforcement Assistance Act of 1965, we have conducted a program to improve the techniques of law enforcement through research and pilot projects. This program has proved its value. Research, along with pilot projects, must be vigorously supported if we are to improve the criminal justice system.

As part of a broader crime control program, I propose superseding the Law Enforcement Assistance Act with a broader program of research, development and special pilot project grants.

I recommend that the Safe Streets and Crime Control Act authorize the Attorney General to make research grants or contracts, of up to 100 percent, with public agencies, institutions of higher education, or other organizations.

These grants could be used to:

- Support research and education projects of regional or national importance.
- Establish national or regional institutes for research and education in law enforcement and criminal justice.

FEDERAL, STATE AND LOCAL COOPERATION

State and local governments have already shown their willingness to meet their responsibilities in the criminal justice area. They have also demonstrated their desire to cooperate with the National government. During 1966, for example, the Department of Justice and the National Crime Commission have urged all 50 governors to establish State planning committees on law enforcement and criminal justice. Many of these committees are already in existence. Additional States are setting up committees each month.

To continue this cooperation, I am directing the Acting Attorney General to convene at the Justice Department a conference of State, city and private authorities in law enforcement and criminal justice. Its purpose will be to review the findings of the National Crime Commission and to share judgments on how best the Federal government may contribute to the essentially State and local task of law enforcement.

A PROGRAM FOR YOUNG AMERICANS

The proposals I have outlined above will give new strength to the instruments of law enforcement: our police, courts, and correctional agencies. Yet we know that America's crime problem demands far broader efforts to reach young people trapped in poverty—without skills, without purpose, without hope.

Not all crime is attributable to poverty. The rise of crimes committed by youth in affluent suburban areas testifies to that. But crime rates do increase markedly in an atmosphere that breeds hostility and frustration. They increase as the channels of opportunity are limited and social mobility is foreclosed.

Understanding this, we have embarked on a broad range of programs giving disadvantaged young people the chance to break free of the waste and boredom that would otherwise characterize their lives. In my message to the Congress on America's Children and Youth, which I intend to submit shortly, I will outline a program for young Americans. The purpose of that program will be not only to reduce delinquency, but to increase the chances for young people to lead more useful and productive lives.

NARCOTICS AND DANGEROUS DRUGS

I urge the Congress should also give prompt attention to a number of other aspects of America's crime problem. Among these is narcotics addiction.

Narcotics addiction, the abuse of dangerous drugs and illicit traffic in both continue to challenge the best efforts of Federal, State and local govern-

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most modern techniques of detecting and apprehending drug pushers and addicts and the most advanced methods of treating drug addiction.

Public Information and Education—It is essential that the public be better informed about narcotics and dangerous drugs: what they are, what their effects are on the body and mind, how widely they are misused, the laws which govern ments to stamp them out. Their cost in wasted lives is incalculable. The crime that is associated with them is a serious threat to communities across America.

In the past three years, we have begun new Federal and State programs. These programs can lead to a marked improvement in the drug abuse problem. But if their promise is to be sustained, we must make a sufficient commitment of resources and competent administration.

Every level of government, Federal to local, must intensify its attack on the narcotics and drug problem.

For our own part, we shall take these additional measures to combat drug addiction and traffic in drugs:

Rehabilitation—To carry out the purposes of the Narcotic Addict Rehabilitation Act of 1966, I am instructing the Secretary of Health, Education, and Welfare, in consultation with the Attorney General and the Secretary of the Treasury, to coordinate the rehabilitation efforts of all the Federal agencies concerned, and to work through local and State facilities to the greatest possible extent. Federal rehabilitation efforts will be closely related to local programs that may qualify for Federal support under the grant provisions of the Safe Streets and Crime Control Act of 1967.

Enforcement Training—*I recommend that the Congress provide funds to enable the Federal Bureau of Narcotics and the Food and Drug Administration to enlarge their existing enforcement training programs, so that they can reach a far greater number of local and State enforcement officers.*

Under these programs, enforcement officers and experts of the Federal government are sent to local communities with severe drug addiction problems, to train local enforcement personnel in the them, and the medical treatment that offers the best chance of cure. This information should be made available to local governments, school systems, parents, young people, college campuses and medical groups.

To this end, I am directing the Secretary of Health, Education, and Welfare to create an Information and Education Center on Narcotic and Dangerous Drugs.

International Control—If we are to succeed in controlling narcotics and dangerous drugs, we must work in concert with other nations. Most illicit narcotics—particularly heroin—come from and through other nations to our shores. Drugs, like epidemic diseases, must be controlled effectively everywhere.

I shall shortly submit to the Senate, for its advice and consent, the 1961 Single Convention on Narcotic Drugs. Fifty-four nations have acceded to that Convention, and we believe that other nations may follow. With the coming establishment of the International Narcotics Control Board as the only supervisory international agency, our accession to the Convention will allow us to have a proper voice in securing fulfillment by other countries of their treaty obligations.

State Drug Laws—There are large disparities in State laws dealing with dangerous drugs. Some States do not even have such laws. Controlling traffic in dangerous drugs requires a careful synthesis of State and Federal regulation. If our greatest strength is to be brought to bear on drug control, the States should act as soon as possible on the type of drug abuse control act now being circulated in model form by the Food and Drug Administration. I urge the States to enact this law as soon as possible.

FIREARMS CONTROL

Any effective crime control program requires the enactment of firearms legislation.

The National Crime Commission has underscored the emphatic need for the legislation I propose again this year. I urge the 90th Congress to place it high on its agenda in this session.

The legislation I am submitting is closely comparable in substance to that which was under consideration in the last Congress. *I strongly recommend that the Congress enact legislation to:*

- Prohibit certain mail-order sales and shipments of firearms, except between Federal licensees.
- Prohibit over-the-counter sales of firearms, other than rifles and shotguns, to any person who does not reside in the State in which the Federal licensee does business.
- Prohibit Federal licensees from selling handguns to any person under 21, and from selling rifles and shotguns to any person under 18.
- Curb imports into the United States of surplus military firearms and other firearms not suitable for sporting purposes.

This legislation is no panacea for the danger of human irrationality and violence in our society. But it will help to keep lethal weapons out of the wrong hands.

This legislation will not curtail ownership of firearms used either for sport or self-protection. But it will place a valuable restraint on random trade in handguns—the use of which has more and more characterized burglaries and other crimes. It will gain added strength as States pass firearms legislation and licensing laws similar to the Sullivan Law in New York.

To pass strict firearms control laws at every level of government is an act of simple prudence and a measure of a civilized society. Further delay is unconscionable.

UNIFIED FEDERAL CORRECTIONAL SYSTEM

I renew my request for legislation to establish a unified Federal correctional system within the Department of Justice.

Today, correctional treatment in the national system is fragmented and often impedes continuity of treatment. The proposed unified system would provide coherent organization, and a systematic flow of all post-sentencing responsibilities—probation, institutional management, and parole supervision.

A unified system becomes especially important as we gain experience with community treatment and work-release methods. It would permit the better use of staff and fiscal resources, improve training for all federal correctional employees, and simplify the creation of computerized data banks. The Federal government should lead in all organizational reforms which permit more effective diagnosis and treatment of individual offenders—especially since the repeated offender is so prominent and disturbing a feature of crime in America.

A FEDERAL JUDICIAL CENTER

I recommend legislation to establish a Federal Judicial Center in the Administrative Office of the United States Courts.

Despite the increase in the number of Federal district judgeships—from 197 in 1941 to 341 in 1966—the delay and docket congestion in our Federal courts is the worst in our history.

The mere addition of judges to the courts will not bring about the efficient administration of justice that simple justice demands. Better judicial administration requires better research, better training and continuing education programs.

The Judicial Conference has long recognized this. It has either recommended, or established on an ad hoc basis, some twenty different programs of research and education. Yet none of these programs has been adequately staffed or supported. None has been able to solve the administrative problems of the judiciary.

If we are to reduce the backlog of cases pending in the courts and meet the urgent law enforcement problems we face, these programs must be given permanence and sufficient means to accomplish their tasks. They should be open to the scrutiny of the Congress, the entire judiciary, and the public.

A Federal Judicial Center, established in the Administrative Office of the United States Courts, will enable the courts to begin the kind of self-analysis, research and planning necessary for a more effective judicial system—and for better justice in America.

ORGANIZED CRIME

We have accomplished much in exposing the citadels of crime and corruption. I am determined, however, to extend our efforts to root out this poisonous element from our society.

The Department of Justice will be the focal point for bringing increased Federal resources to bear on this problem of organized crime. We will increase the number of personnel previously assigned to this task.

Federal efforts can best be extended by the allocation of additional resources. However, obtaining witnesses is a major difficulty in dealing with organized crime.

I recommend that the Congress enact legislation to:

- Make it a Federal crime to coerce or threaten a person who is willing to give vital information to our Federal investigators, thus extending additional protection to potential witnesses at the beginning of an organized crime investigation before a grand jury has been convened.
- Extend Federal immunity provisions to certain crimes associated with racketeering, in order to assist in gathering competent evidence.

Criminal syndicates do not recognize State boundaries. Their impact is frequently nationwide. The Federal government's responsibility in combatting organized crime is clear and unequivocal.

This message, however, deals principally with Federal assistance to State and local law enforcement. With a few notable exceptions, State and local jurisdictions have little experience in operating an effective organized crime program. I am directing the Acting Attorney General to: establish a special program to offer State and city officials assistance in setting up effective plans to combat organized crime.

THE RIGHT OF PRIVACY

Justice Brandeis called the right of privacy the "right most valued by civilized men." It is the first right denied by any totalitarian system. It is associated in the minds of most Americans with the right to be free of unlawful searches and forced self-incrimination. It is a hallmark of a free society.

I believe we should protect that right against invasion by wiretapping and electronic devices.

We would indeed be indifferent to the command of our heritage if we failed to take effective action to preserve the dignity and privacy of each among us. A new Federal law banning wiretapping and electronic bugging and snooping is essential.

Present laws are clearly inadequate. They create serious uncertainties in their application and leave large loopholes in their coverage. In short, they invite abuse.

I recommend that the Congress enact the Right of Privacy Act of 1967.

Within the full reach of the constitutional powers possessed by the Federal government this law would:

- Outlaw all wiretapping, public and private, wherever and whenever it occurs, as well as all willful invasions of privacy by electronic devices such as radio transmitters and concealed microphones. The only exceptions would cover those instances where the security of the Nation itself is at stake—and then only under the strictest safeguards.
- Prohibit the advertisement, manufacture or distribution in interstate commerce of wiretapping and eavesdropping devices.

TO INSURE THE PUBLIC SAFETY

The program I have called for in this message will not, of itself, bring about a sudden decline in the reported crime rate.

As crime reporting improves, as citizens increasingly demand the protection to which they are entitled and report crimes they formerly bore in silence, as larger numbers of young people enter the age of greatest susceptibility to crime, as the problems of the ghetto are compounded—as these events continue to occur, the reported crime rate will continue to rise.

Nevertheless, there are important steps we can take now to affect the incidence of crime and its contamination of our democracy. I have tried to describe several in this message.

Certain of these steps could, if resolutely undertaken by local and national officials, be in effect a year from today.

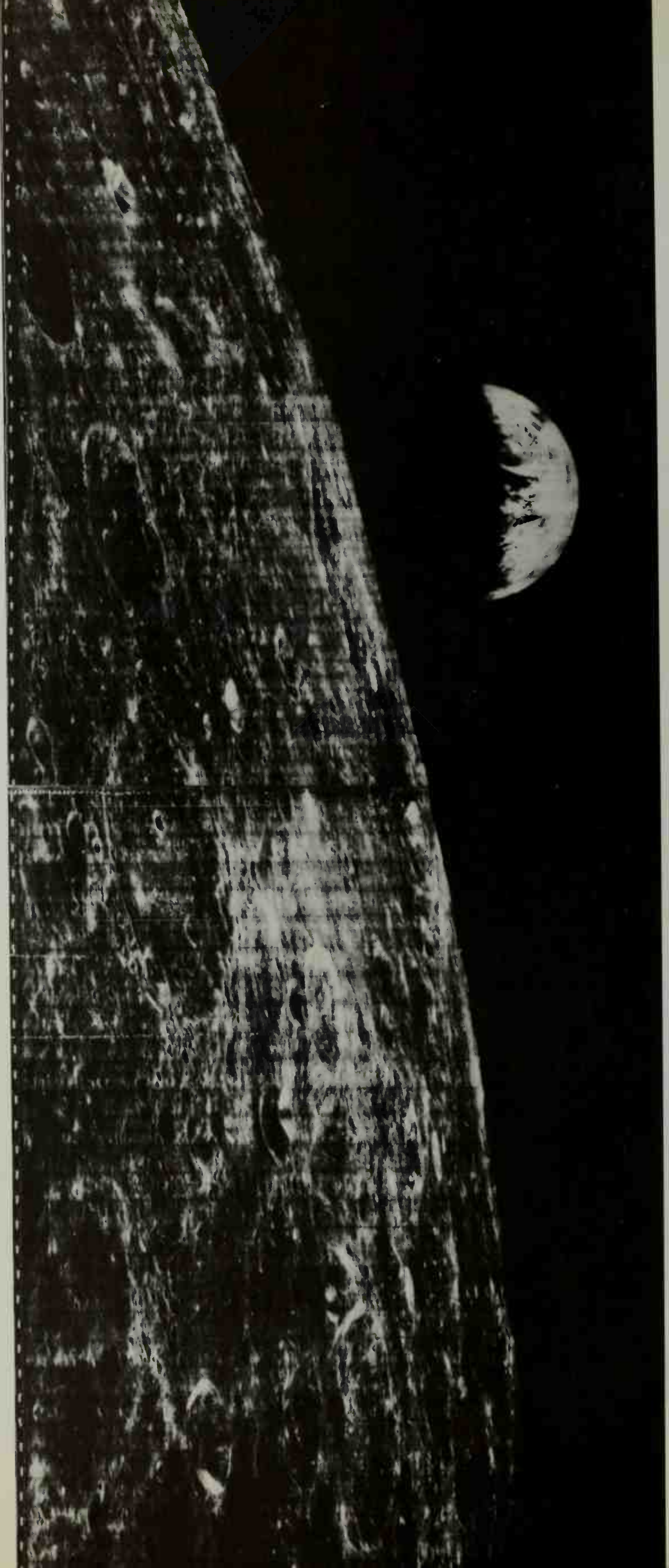
Other steps, put into effect now, could reduce the costs of crime over the next several years. These involve more than the condemnation of crime, more than spasmodic responses to sensational disclosures. They involve hard work and an unswerving commitment by all levels of government to an intensified, long-term program of action.

Yet even they will fail unless they are accompanied by the greater involvement of private citizens.

It is the citizen who will finally determine whether the agencies of law enforcement and criminal justice are staffed and nourished by first-rate skills and modern equipment. It is the citizen who maintains and enlarges respect for law and order. It is the interaction of the citizen and the community—their common dedication to public order—which is the most powerful deterrent of crime.

Thus, it is the citizen who will determine whether streets will be safe to walk, whether homes will be secure, whether property rights will be respected, whether integrity and honest dealing will govern relationships between men.

We can control crime if we will. We must act boldly, now, to treat ancient evils and to insure the public safety.



View from Lunar I:
First picture of the earth taken from
the vicinity of the moon.

OUTER SPACE FOR PEACEFUL PURPOSES

Message on the Outer Space Treaty, February 7, 1967

To the Senate of the United States:

I am today transmitting to the Senate, for your advice and consent, the first Treaty on Outer Space.

The provisions of this Treaty reflect the will and desire of the signatory states, already numbering more than half the nations of the world, that the realms of space should forever remain realms of peace.

The privilege of transmitting this milestone agreement to you before the end of the first decade of space exploration is especially gratifying for me.

THE UNCERTAIN CLIMATE

Only ten years ago, as a Senator, I chaired the first Congressional hearings called to determine what response our national policy should make to the challenges of the exploration of outer space. The hearings and the events of those times seem now a world away for us all. Yet I remember—and I know you do—the climate of great awe and greater anxiety in which Senators addressed themselves to their responsibilities. At that time:

- No American satellite had yet been orbited.
- The readiness of our rockets was much in question.
- There was no NASA, no vast complex at what is now Cape Kennedy, no Manned Spaceflight Center at Houston. The very word, "astronaut," was not in our vocabulary.
- Men questioned the capacity of our educational system to yield up the incalculably valuable resource of minds trained for the great tasks of the space age.
- The stature of our advanced technology and our ability to participate as leaders in the explorations of the universe was far from being established with certainty.

In that uncertain climate, our concerns about space were quite different from now. We were rightly concerned for the safety of our nation and for the survival of humankind. We directed our concern to the organization of our society and to the priority of our values as free men.

THE GAINS OF COOPERATION

In November 1958, President Dwight D. Eisenhower asked me to appear before the United Nations to present the United States resolution urging that the exploration of outer space be undertaken for peaceful purposes, as an enterprise of international cooperation among all member nations.

On that occasion, speaking for the United States, I said:

> "Today, outer space is free. It is unscarred by conflict. No nation holds a concession there. It must remain this way. We of the United States do not acknowledge that there are landlords of outer space who can presume to bargain with the nations of the Earth on the price of access to this domain. We must not—and we need not—corrupt this great opportunity by bringing to it the very antagonisms which we may, by courage, overcome and leave behind forever if we proceed with this joint adventure into this new realm.
>
> "We know the gains of cooperation. We know the losses of the failure to cooperate. If we fail now to apply the lessons we have learned, or even if we delay their application, we know that the advances into space may only mean adding a new dimension to warfare. If, however, we proceed along the orderly course of full cooperation we shall, by the very fact of cooperation, make the most substantial contribution toward perfecting peace.
>
> "Men who have worked together

> to reach the stars are not likely to descend together into the depths of war and desolation."

I believe those words remain valid today.

THE PERFECTION OF PEACE

The "very fact of cooperation" in the evolution of this Treaty is to be taken as a "substantial contribution toward perfecting peace." As long ago as 1958, President Eisenhower initiated an exchange of letters with the leadership of the Soviet Union, seeking agreements binding the uses of outer space to peaceful purposes. President Kennedy repeatedly reaffirmed our willingness to cooperate toward these ends.

In October 1963, the General Assembly of the United Nations called on nations of the world not to station nuclear or other weapons of mass destruction in outer space. Two months later the Assembly adopted a Declaration of Legal Principles to govern activities in space. On May 7, last year, I repeated, and Ambassador Goldberg reiterated many times thereafter, our view of the urgency of doing all that we could to assure that exploration of outer space would take place in peace, for peaceful ends.

In July 1966, negotiations on the Treaty were formally begun at Geneva in the 28-member United Nations Outer Space Committee. Accord was subsequently reached at renewed negotiations in New York. The Treaty was unanimously endorsed by the Twenty-first Session of the General Assembly just over a month ago.

On January 27, the Treaty on Principles Governing the Activities of States in the Exploration and Use of Outer Space, including the Moon and Other Celestial Bodies was opened for signature in Washington, London and Moscow. The United States, United Kingdom and Soviet Union were among the sixty-two countries signing the Treaty in Washington. Other nations are expected to add their signatures in the near future.

The climate in which such accord has been reached is clearly an encouraging omen for continuing in other realms our constant quest for understandings that will strengthen the chances for peace.

THE DIPLOMACY OF SPACE

In the diplomacy of space, as in the technology of space, it is essential always that interim achievements not be mistaken for final success. This Treaty I transmit to the Senate today is such an interim achievement—a significant, but not a final step forward.

It carries forward the thrust of the past decade to enlarge the perimeters of peace by shrinking the arenas of potential conflict. This is a thrust to which the Senate has given its support by ratifying the four Geneva Conventions on the Law of the Sea in 1958, the Antarctic Treaty of 1959 and the Limited Test Ban Treaty of 1963.

As we have dealt with the sea, the atmosphere and the vast unpopulated continent of Antarctica, now in this Treaty we extend reason to the activities of nations in the endless realm of outer space.

The Treaty lays down fundamental principles:

- No nation can claim sovereignty to outer space, to the moon or to other celestial bodies.
- All nations have the right to conduct space activities.
- No one may use outer space or celestial bodies to begin a war. The rules of the United Nations Charter apply to space activities.
- No country may station in space or orbit around the Earth nuclear or other weapons of mass destruction.
- No country may install such weapons on a celestial body.
- No nation may establish military bases, installations or fortifications, on a celestial body. Nor may any weapons be tested or military maneuvers be conducted there. The right to visit another country's installations and space vehicles on a celestial body is guaranteed.
- Astronauts are "envoys of mankind." If an astronaut lands on another country's soil, he must be returned safely, promptly and unconditionally.
- Space activities and their results are to be reported for the benefit of all.
- Each country is to avoid harmfully contaminating outer space and adversely changing the environment of the Earth by introducing extra-terrestrial matter.

These and other provisions of the Treaty are described in detail in the accompanying report of the Secretary of State.

THE PRIMITIVE YEARS

Space exploration has become an intimate part of our lives. The exploits of men and machines in outer space excite and thrill us all. The valiant young men who have become symbolic of our national effort as astronauts are close to every American family. The deaths in line of duty of Lieutenant Colonel Virgil Grissom, Lieutenant Colonel Edward White and Lieutenant Commander Roger Chaffee touched every American home and heart.

Yet, we must remember that these are only primitive years in the epoch of space exploration and utilization—an epoch that will run to the end of time. In the next decade and in all the decades to come, the capabilities of nations in space will multiply far beyond our comprehension today. If we should flag or falter in our support of this great extension of human knowledge, the concern and anxiety we felt so keenly a decade ago would be known again to other Americans in future times.

When we ask what this nation or any nation expects to find from exploration in space, the answer is one word: knowledge—knowledge we shall need to maintain Earth as a habitable environment for man.

The resources of this planet are already taxed to support human existence. Now and even more each day, as the family of man increases so rapidly, fertile soil, clear water, clean air and a safe atmosphere all become more precious to men and nations than the metals and jewels of ages past.

The quest for gold and silver, and diamonds and rubies, once led men to explore the Earth seeking enrichment for themselves and their nations. So now the realities of this and future ages require that nations pursue together the exploration of space within this galaxy, seeking new knowledge and new capabilities to enrich the life of all mankind.

THE FUTURE LEAVES NO OPTION

The future leaves no option. Responsible men must push forward in the exploration of space, near and far. Their voyages must be made in peace for purposes of peace on earth. This Treaty is a step—a first step, but a long step—toward assuring the peace essential for the longer journey.

I strongly recommend—in appropriate commemoration of the Senate's own role in charting the course that the world now seems willing to follow—that the Senate act promptly in giving consent to the ratification of this Treaty. I hope that I may be able to affirm as President of the United States, what I said as a Senator to the United Nations in 1958:

> "On the goal of dedicating outer space to peaceful purposes for the benefit of all mankind, there are no differences within our government, between our parties or among our people."

U.S.S.R.
UNITED KINGDOM
U.S.A.

First signatories to the Treaty of Principles Governing the Activities of States in the Exploration and Use of Outer Space, The White House, January 27, 1967.

THE PRIORITY OF THE YOUNG

Message on America's Children and Youth, February 8, 1967

To the Congress of the United States:

In 1905, this Nation hummed with industrial growth—and Jane Addams discovered a boy of five working for a living by night in a cotton mill.

Thirteen percent of the laborers then in the cotton trade were child laborers. All across the Nation, in glass factories, in mines, in canneries and on the streets, more than two million children under 16 worked—full time.

Slowly, what Theodore Roosevelt called "public sentiment, with its corrective power" stirred and raised a cry for action.

"The interests of this nation," President Roosevelt declared to Congress in 1909, "are involved in the welfare of children no less than in our great national affairs."

By 1912, the Federal Children's Bureau was established. The long battle to end child labor moved toward victory. Congress had pledged its power to the care and protection of America's young people.

Upon that pledge, the Congress, the Executive Branch and the States have built public policy—and public programs—ever since.

In the past three years, I have recommended and you in the Congress have enacted legislation that has done more for our young people than in any other period in history:

- Head Start and other pre-school programs are providing learning and health care to more than two million children.
- The Elementary and Secondary Education Act is improving the education of more than seven million poor children.
- Our Higher Education Programs support more than one million students in college—students who might otherwise not have been able to go.
- The Neighborhood Youth Corps, the Job Corps and an expanded Manpower

Development and Training Program are bringing skills to almost one million young Americans who only a few years ago would have been condemned to the ranks of the unemployed.

- The "Medicaid" program is now extending better medical service to millions of poor children.

In fiscal 1960, the Federal Government invested about $3.5 billion in America's children and youth. In fiscal 1965 that investment rose to $7.3 billion. In fiscal 1968 it will increase to over $11.5 billion—more than three times the amount the government was spending eight years ago.

We are a young Nation. Nearly half our people are 25 or under—and much of the courage and vitality that bless this land are the gift of young citizens.

The Peace Corps volunteer in Bolivia, the Teachers Corps volunteer in a Chicago slum, the young Marine offering up his courage—and his life—in Vietnam: these are the Boy Scouts, the 4-H Club members, the high school athletes of only a few years ago. What they are able to offer the world as citizens depends on what their Nation offered them as youngsters.

Knowing this, we seek to strengthen American families. We also seek to strengthen our alliance with State and local governments. The future of many of our children depends on the work of local public health services, school boards, the local child welfare agencies and local community action agencies.

Recent studies confirm what we have long suspected. In education, in health, in all of human development, the early years are the critical years. Ignorance, ill health, personality disorder—these are disabilities often contracted in childhood: afflictions which linger to cripple the man and damage the next generation.

Our Nation must rid itself of this bitter inheritance. Our goal must be clear—to give every child the chance to fulfill his promise.

Much remains to be done to move toward this goal. Today, no less than in the early years of this century, America has an urgent job to do for its young.

Even during these years of unparalleled prosperity:

- 5.5 million children under six, and 9 million more under 17, live in families too poor to feed and house them adequately.
- This year one million babies, one in every four, will be born to mothers who receive little or no obstetric care.
- More than four million children will suffer physical handicaps and another two million will fall victim to preventable accidents or disease.
- One million young Americans, most of them from poor families, will drop out of school this year—many to join the unhappy legion of the unemployed.
- One in every six young men under 18 will be taken to juvenile court for at least one offense this year.

Our Nation can help to cure these social ills if once again, as in the past, we pledge our continuing stewardship of our greatest wealth—our young people.

I recommend a 12-point program for the children and youth of America. With the help of the Congress, we can:

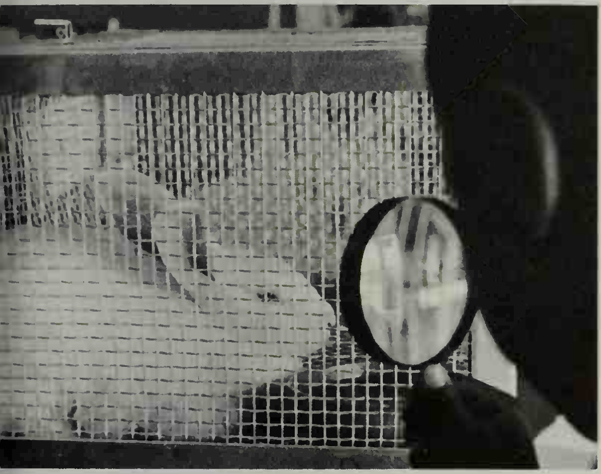
1. Preserve the hope and opportunity of Head Start by a "Follow-Through" program in the early grades.
2. Strengthen Head Start by extending its reach to younger children.
3. Begin a pilot lunch program to reach preschool children who now lack proper nourishment.
4. Create child and parent centers in areas of acute poverty to provide modern and comprehensive family and child development services.
5. Help the States train specialists—now in critically short supply—to deal with problems of children and youth.
6. Strengthen and modernize programs providing aid for children in poor families.
7. Increase Social Security payments for three million children whose support has been cut off by the death, disability or retirement of their parents.
8. Expand our programs for early diagnosis and treatment of children with handicaps.
9. Carry forward our attack on mental retardation, which afflicts more than 125,000 children each year.
10. Launch a new pilot program of dental care for children.
11. Help States and communities across the Nation plan and operate programs to prevent juvenile delinquents from becoming adult delinquents.
12. Enrich the summer months for needy boys and girls.

STRENGTHENING HEAD START

Head Start—a preschool program for poor children—has passed its first trials with flying colors. Tested in practice the past two years, it has proven worthy of its promise.

Through this program, hope has entered the lives of hundreds of thousands of children and their parents who need it the most.

The child whose only horizons were the crowded rooms of a tenement dis-



"What's your name? What do you do?" The President visits Job Corps trainees at Camp Catoctin, Maryland.

covered new worlds of curiosity, of companionship, of creative effort. Volunteer workers gave thousands of hours to help launch poor children on the path toward self-discovery, stimulating them to enjoy books for the first time, watching them sense the excitement of learning.

Today Head Start reaches into three out of every four counties where poverty is heavily concentrated and into every one of the fifty States.

It is bringing more than education to children. Over half the youngsters are receiving needed dental and medical treatment. Hearing defects, poor vision, anemia, and damaged hearts are being discovered and treated.

In short, for poor children and their parents, Head Start has replaced the conviction of failure with the hope of success.

The achievements of Head Start must not be allowed to fade. For we have learned another truth which should have been self-evident—that poverty's handicaps cannot be easily erased or ignored when the door of first grade opens to the Head Start child.

Head Start occupies only part of a child's day and ends all too soon. He often returns home to conditions which breed despair. If these forces are not to engulf the child and wipe out the benefits of Head Start, more is required. Follow-Through is essential.

To fulfill the rights of America's children to equal educational opportunity the benefits of Head Start must be carried through to the early grades.

We must make special efforts to overcome the handicap of poverty by more individual attention, by creative courses, by more teachers trained in child development. This will not be easy. It will require careful planning and the full support of our communities, our schools and our teachers.

I am requesting appropriations to launch a "Follow-Through" program during the first school grades for children in areas of acute poverty.

The present achievements of Head Start serve as a measure of the distance we must still go:

- Three out of four Head Start children participate only in a summer program. The summer months are far too brief to close the gap separating the disadvantaged child from his more fortunate classmate.

- Only a small number of three-year-olds are now being reached. The impact of Head Start will be far more beneficial if it is extended to the earlier years.
- Head Start has dramatically exposed the nutritional needs of poverty's children. More than 1.5 million preschoolers are not getting the nourishing food vital to strong and healthy bodies.

To build on the experience already gained through Head Start:

I am requesting funds from the Congress and I am directing the Director of the Office of Economic Opportunity to:

1. Strengthen the full year Head Start program.
2. Enlarge the number of three-year-olds who participate in Head Start.
3. Explore, through pilot programs, the effectiveness of this program on even younger children.

I am recommending legislation to authorize a pilot program to provide school lunch benefits to needy preschoolers through Head Start and similar programs.

CHILD AND PARENT CENTERS

There is increasing evidence that a child's potential is shaped in infancy—and even during the pre-natal period. Early in life, a child may acquire the scars that will damage his later years at great cost to himself and to society. No serious effort in child development can ignore this critical period.

In every community, we must attack the conditions that dim life's promise. Today, the Federal Government and the States support a wide range of services for needy children and their parents.

But we have fallen short. Many of these services are fragmented. Many do not provide imaginative and inventive programs to develop a child's full potential. Others fail to enlist the adults of the community in enriching the lives of children and thereby enriching their own lives as well.

The task is to marshal these services—to develop within our comprehensive neighborhood centers a single open door through which child and parent can enter to obtain the help they need.

I am instructing the Director of the Office of Economic Opportunity to begin a pilot program of child and parent centers through its community action program in areas of acute poverty.

I am also instructing the Secretaries of Health, Education and Welfare and Housing and Urban Development to support these centers with resources from related programs.

These child and parent centers would provide a wide range of benefits—as wide as the needs of the children and parents they must serve:

- Health and welfare services.
- Nutritious meals for needy preschoolers.
- Counseling for parents in pre-natal and infant care and instruction in household management, accident prevention and nutrition.
- Day care for children under three years old.
- A training base for specialists in child development.

A typical center might serve a slum neighborhood or a large housing project. Where possible, the centers would be affiliated with universities to provide greater research and experimentation in the fields of child development and education.

TO WORK WITH CHILDREN

A wealthy and abundant America lags behind other modern nations in training qualified persons to work with children.

These workers are badly needed—not only for poor children but for all children. We need experts and new professionals in child care. We need more preschool teachers, social workers, librarians, and nurses.

New training efforts must be supported—for day-care counselors, parent-advisors and health-visitors. We must train workers capable of helping children in neighborhood centers, in health clinics, in playgrounds and in child welfare agencies. Others must be prepared to support the teacher in the school and the mother in the home.

These jobs promise excellent opportunities for high school and grade school graduates, and for citizens who are retired. They can provide meaningful employment for persons who are themselves economically deprived. In helping needy young children achieve their potential, they can also help to develop themselves.

Two OEO programs, Foster Grandparents and Home Health Aides, have already proved the value of such services.

To help provide the trained workers needed for America's children, I recommend legislation to increase to 75 percent the Federal matching funds for State child welfare personnel, including training programs.

I am also directing the Secretaries of Labor and Health, Education and Welfare, and the Director of the Office of

Economic Opportunity, to emphasize through adult education, vocational rehabilitation and other programs, training for "new careers" in child care.

SOCIAL SECURITY INCREASES FOR CHILDREN

Two weeks ago, I proposed legislation to bring the greatest improvement in living standards for those covered under Social Security since that historic Act was passed in 1935.

While this program extends primarily to the older Americans, it also covers a child if the family breadwinner, who is under Social Security, dies, retires, or becomes disabled.

Today, more than three million children receive Social Security payments. Their average benefit is only $52 a month.

To provide more adequate payments to these children, I recommend legislation to enlarge their benefits—with an average increase of at least 15 percent.

IMPROVING CHILD ASSISTANCE

Enacted during the 1930's, the "Aid to Families with Dependent Children" (AFDC) program is a major source of help for the poor child. Under AFDC, Federal financial aid is provided to States to help needy families with children under 21.

There are serious shortcomings in this program:

- Only 3.2 million children received benefits last year.
- 12 million children in families below the poverty line received no benefits.
- 33 States do not even meet their own minimum standards for subsistence.
- Seven States offer a mother and three children $120 a month or less.

Only 21 States have taken advantage of a 1962 law, expiring this year, allowing children with unemployed parents to receive financial assistance. Only 12 States have community work and training programs for unemployed parents to give them the skills needed to protect their family and earn a decent living. A number of States discourage parents from working by arbitrarily reducing welfare payments when they earn their first dollar.

To remedy these deficiencies and give the poorest children of America a fair chance, I recommend legislation to:

- Require each State to raise cash payments to the level the State itself sets as the minimum for subsistence, to bring these minimum standards up-to-date annually, and to maintain welfare standards at not less than two-thirds the level set for medical assistance.
- Provide special Federal financial assistance to help poorer States meet these new requirements.
- Make permanent the program for unemployed parents, which expires this year.
- Require each State receiving assistance to cooperate in making community work and training available.
- Require States to permit parents to earn $50 each month, with a maximum of $150 per family, without reduction in assistance payments.

Even well-established State welfare programs lack adequate services to protect children where there is physical abuse or neglect. There should be protection for the child, as well as help for the parent. Other State child welfare programs should expand day-care and homemaker services. New services must be tested, particularly for the mentally retarded, for the child requiring emergency shelter and for the child in the urban slum.

I recommend legislation to authorize a program of project grants to encourage States and local communities to develop new forms of child services.

CHILD HEALTH

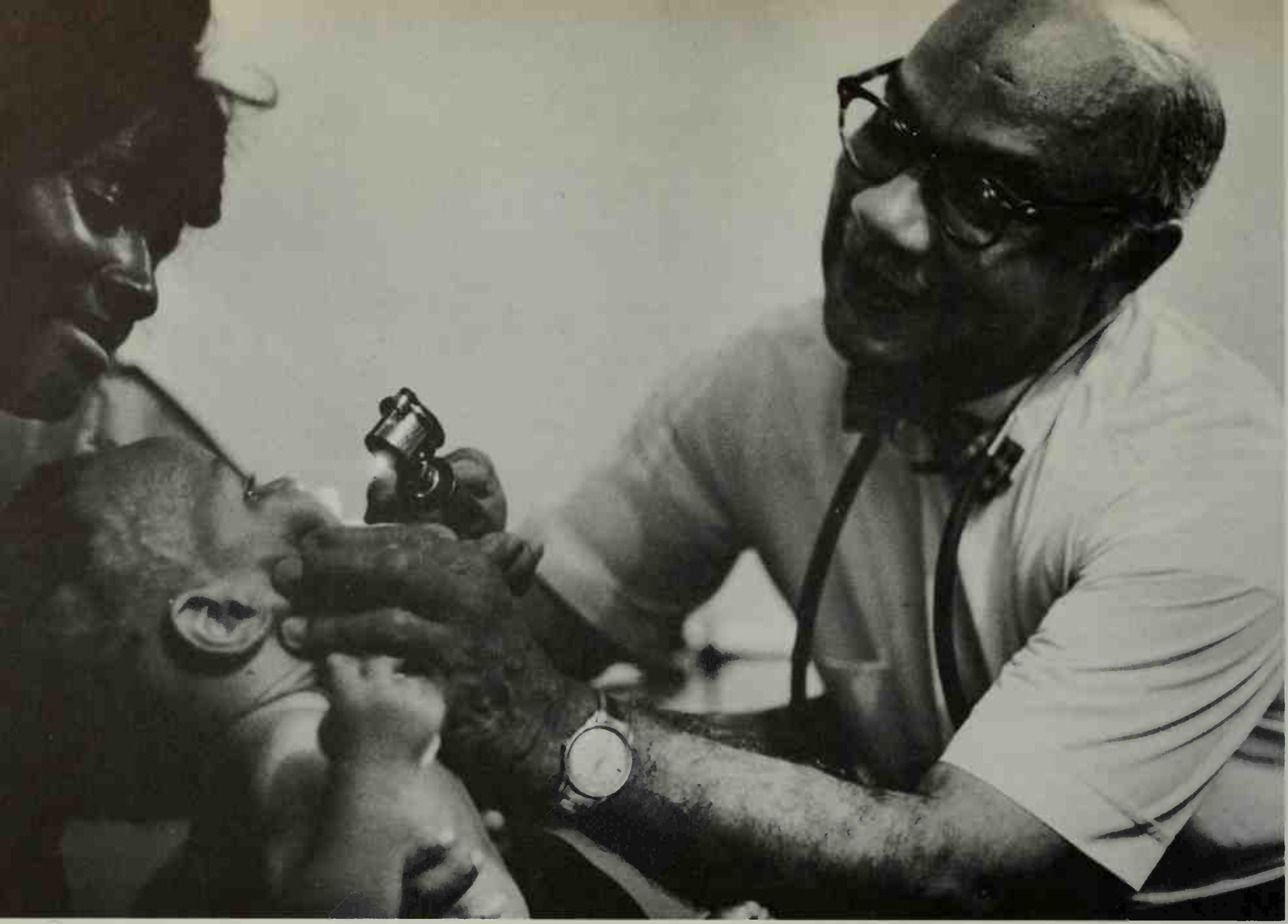
Last year, nearly 400,000 needy mothers received care through maternal and child health nursing services. About three million children received public health nursing services, including almost 20% of all infants under one year of age.

But our public health record for children gives us little cause for complacency:

- At least 10 other nations have lower infant mortality rates than the United States. Nearly 40,000 babies in America die each year who would be saved if our infant mortality rate were as low as Sweden's.
- Nearly one million pregnant women receive little or no pre-natal care.
- More than 3.5 million poor children under five who need medical help do not receive it under public medical care programs.

Our whole society pays a toll for the unhealthy and crippled children who go without medical care: a toll of incalculable human suffering, unemployment, rising rates of disabling disease, and expenditures for special education and institutions for the handicapped.

We have made hopeful beginnings toward reducing that toll.



Under the Medicaid program enacted in 1965, the 25 States now in partnership with the Federal Government will help pay hospital costs and doctors' bills for more than 3.5 million poor children this year. By next year, we expect 23 more States to join Medicaid.

I am requesting increased funds for the "Medicaid" program, including $221 million for medical care for needy children—an increase of some $100 million over last year.

We must also move in another direction. Nearly 500,000 youngsters now receive treatment under the Crippled Children's Program. But more than twice that number need help.

The problem is to discover as early as possible the ills that handicap our children. There must be a continuing follow-up and treatment so that handicaps do not go neglected.

We must enlarge our efforts to give proper eye care to a needy child. We must provide help to straighten a poor youngster's crippled limb before he becomes permanently disabled. We must stop tuberculosis in its first stages, before it causes serious harm.

I recommend legislation to expand the timely examination and treatment of an additional 500,000 poor children in fiscal 1968.

In 1965 I proposed and the Congress enacted a special program to provide comprehensive health care for the poor child. Today, through the work of the Children's Bureau and local public health agencies, thousands of preschool and school children in more than 20 communities across America are being examined and treated. The early success of this program justifies its further expansion.

I am requesting the full authorization of $40 million for the comprehensive health service program for preschool and school children.

There are only 12,000 trained pediatricians and 13,000 obstetricians in the United States today—far too few to provide adequate medical care for all our children and mothers.

Our health goals for children cannot be met unless we develop new patterns of health care. This will require the great energy and skill of the American medical profession. New types of health workers must be trained to help our doctors do more. We must use more effectively the health manpower we have. Above all, the health profession should be encouraged to invent and innovate to give every child the medical care he needs.

I recommend legislation to authorize 10 pilot centers this year to provide research and development in child health care, to train health workers, to test new methods and to provide care for 180,000 needy children and 10,000 mothers.

These new centers will be associated, wherever possible, with medical universities or neighborhood health centers. They will:

- Train new types of health workers to assist the pediatrician and obstetrician.
- Design and develop more efficient methods and techniques of health care delivery.
- Provide needed maternal and child health care.

In addition, I am directing the Secretary of Health, Education and Welfare to allocate increased funds to help train more pediatricians, obstetricians and family doctors.

MENTAL RETARDATION

Each year more than 125,000 infants are born mentally retarded.

This dread disability strikes rich families and poor. The tragedy of mental retardation affects the child, the parents and the entire community.

In 1958, the late Congressman from Rhode Island, John E. Fogarty, introduced legislation which launched our attack on mental retardation.

For the past three years we have intensified that attack on all fronts—in prevention, treatment, rehabilitation, employment, recreation services.

But today, America still lacks trained workers and community facilities to carry on the fight.

I recommend legislation to:

- Provide, for the first time, Federal support to assist the staffing of community mental retardation centers.
- Extend Federal support for the construction of university and community centers for the mentally retarded.

DENTAL NEEDS

Nearly two out of three disadvantaged children between the ages of five and 14 have never visited a dentist. They have five times more decayed teeth than their more fortunate classmates.

To begin meeting the dental needs of poor children, I recommend legislation to:

- Authorize a pilot program of dental care for 100,000 children in areas of acute poverty.
- Provide training for dental assistants to help bring care to schools and other community agencies.
- Explore better methods of furnishing care.

THE JUVENILE DELINQUENCY PREVENTION ACT OF 1967

Youth can mean high spirits, great ambitions, wide intellectual interests, constructive group activities and the exciting tests of physical and mental power.

But too often it means failure in school, dropouts, the emptiness of unplanned days, joblessness, flights from a broken home, and trouble with the police.

The rapid urbanization of our Nation and the sharply growing numbers of young people can mean new vigor and opportunity for our society—or new crime problems and more wasted lives.

This Nation has already committed itself to enrich the lives of our young people and to free the disadvantaged from the waste and boredom that would otherwise characterize their lives:

- The Elementary and Secondary Education Act of 1965 and the Higher Education Act of 1965 are greatly expanding educational opportunities.
- The Upward Bound Program is preparing disadvantaged boys and girls for entry into college.
- Work-study programs, grants, loans and scholarships are helping to provide an education for young people unable to afford it.
- The Manpower Training and Development Act, the Job Corps and the Neighborhood Youth Corps are providing needed job skills.

Despite these achievements, much remains to be done to fulfill our commitment to young Americans. In later Messages, I will propose additional measures that will assist young Americans—in education, in health, and in special employment programs.

But today, I propose to deal with the young American who is delinquent or potentially delinquent. Too many schools and agencies close their doors and minds to a young person with serious behavioral problems, and then pass him on to sterner but frequently less effective authorities. Most youth who commit delinquent acts ultimately grow into responsible adults. But if a youth behaves badly enough or is unlucky enough to enter the courts and correctional institutions, he is more likely to continue in criminal activity as an adult.

The past five years of experience under the Juvenile Delinquency Act and the report of the National Crime Commission have shown the need for new approaches for dealing with delinquent and potentially delinquent youth:

- Special community-based diagnostic and treatment services of youth in trouble.
- The strengthening of ties between the community and the correction and probation system.
- The construction of modern correctional facilities employing the most advanced methods of rehabilitation.

We must pursue a course designed not merely to reduce the number of delinquents. We must increase the chances for such young people to lead productive lives.

For the delinquent and potentially delinquent youth, we must offer a new start. We must insure that the special resources and skills essential for their treatment and rehabilitation are available. Because many of these young men and women live in broken families, burdened with financial and psychological problems, a successful rehabilitation program must include family counseling, vocational guidance, education and health services. It must strengthen the family and the schools. It must offer courts an alternative to placing young delinquents in penal institutions.

I recommend the Juvenile Delinquency Prevention Act of 1967.

This Act would be administered by the Secretary of Health, Education and Welfare. It would provide:

- 90% Federal matching grants to assist States and local communities to develop plans to improve their juvenile courts and correction systems.
- 50% Federal matching grants for the construction of short-term detention and treatment facilities for youthful offenders in or near their communities.
- Flexible Federal matching grants to assist local communities to operate special diagnostic and treatment programs for juvenile delinquents and potential delinquents.
- Federal support for research and experimental projects in juvenile delinquency.

The problems of troubled youth do not yield to easy solution. They must be pursued on a broad front. Thus, States and communities must be encouraged to develop comprehensive strategies for coping with these problems.

The facilities they build should be modern and innovative, like the "half-way" houses already proven successful in practice. These facilities should provide a wide range of community-based treatment and rehabilitation services for youthful offenders.

New methods of rehabilitation—establishing new ties between the correctional institution, the job market, and the supporting services a delinquent youth needs when he returns to the community—should be tested.

Local agencies, public and private, should be assisted in providing special diagnostic and treatment services for youth with serious behavioral problems. Other Federal programs for medical care, education, and manpower training should be supplemented to provide the intensive services needed to assist delinquent and potentially delinquent youth to become productive citizens. These efforts must first be concentrated in poor neighborhoods where the risk of delinquency is highest.

These steps must be taken now. But at the same time we must continue and expand our research effort. We must learn why so many young people get into trouble and how best to help them avoid it. To do this, we will look to universities and individuals, State and local agencies, and other institutions capable of adding to our knowledge and improving our methods and practices in this vital area.

SUMMER PROGRAMS FOR YOUNG AMERICANS

Last year, summer took on a new and brighter meaning for millions of needy young citizens:

- Head Start served 570,000 preschoolers.
- The Elementary and Secondary Education Act provided funds to bring remedial courses and day camps to two and a half million children.
- Upward Bound enabled 25,000 high school students to live on college campuses and gain new learning experiences.
- The Youth Opportunity Campaign found more than a million jobs for 16-to-21-year olds.
- The Neighborhood Youth Corps offered summer work to 210,000 young people.
- Community Action and other OEO programs, such as Operation Champ offered recreation to nearly one million children.

This summer we can do more.

We can enable additional schools and playgrounds to remain open when vacation comes.

We can, with the help of public-spirited local organizations, bring fresh air and cool streams to the slum child who has known only a sweltering tenement and who must sleep on a crowded fire escape to get relief from the heat.

We can enlist the volunteer help of many citizens who want to give needy children a happy summer.

To further these purposes, I will:

- Establish a Cabinet-level Council headed by the Vice President to promote Summer Youth Opportunities.
- Direct this Council to make public facilities available to provide camping opportunities for additional needy children this summer.
- Request the Council to call on public and private groups to sponsor and operate these camps and to enlist college students and others to work in them.
- Request the Council to call a national "Share Your Summer" conference to encourage more fortunate families to open their vacation homes to disadvantaged children for part of the summer.

In addition, I recommend legislation to provide funds for the construction of summer camp facilities for at least 100,000 children in 1968. These camps would be built only where there is an agreement with a private institution or local government agency to operate and finance them.

I am directing every Federal agency to strengthen its programs which provide summer employment, education, recreation and health services. These summer programs must become a permanent feature in the year-round effort to develop our children and teen-agers for responsible citizenship.

I call upon every city and local community to help make summers happy and productive for the youth of America. It should not take an Act of Congress to turn on a fire-hydrant sprinkler, to keep a swimming pool open a little longer, or provide lights and supervision for a summer playground.

A NEW PRIORITY

No ventures hold more promise than these: curing a sick child, helping a poor child through Head Start, giving a slum child a summer of sunlight and pleasure, encouraging a teen-ager to seek higher learning.

I believe that the Congress recognizes the urgency—and the great potential—of programs which open new opportunity to our children and young people.

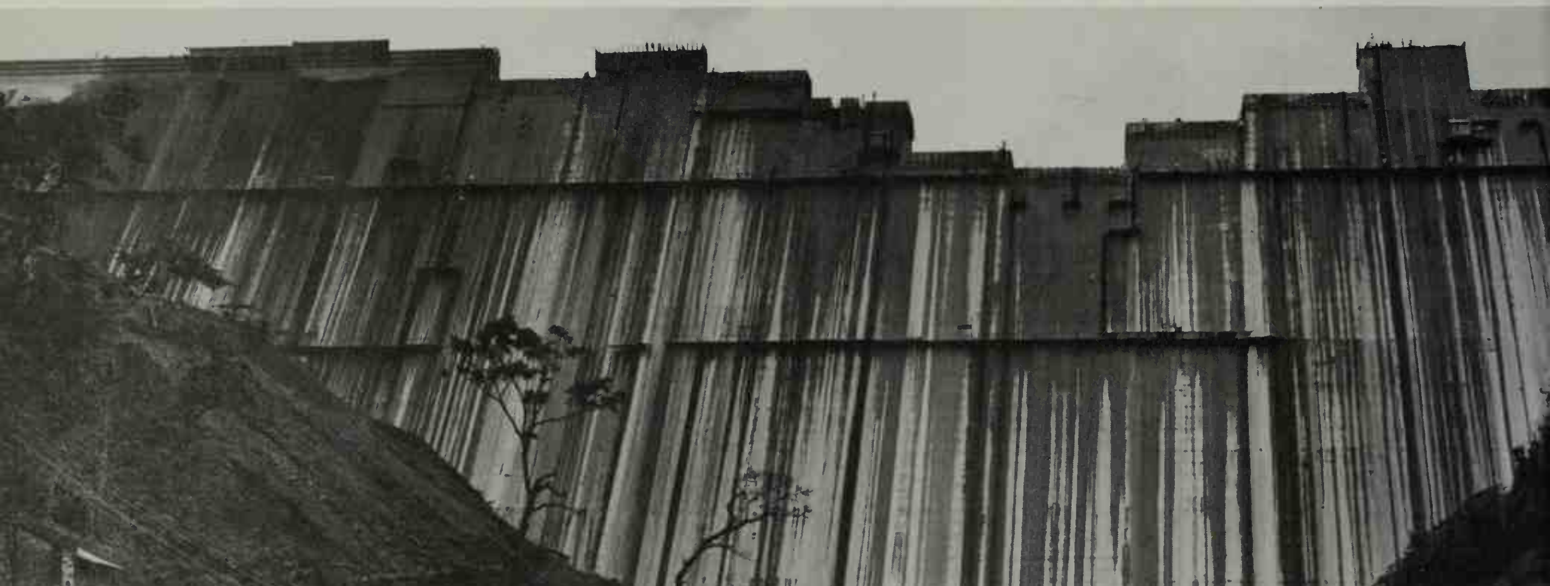
But beyond these beginnings, there is much to do.

We look toward the day when every child, no matter what his color or his family's means, gets the medical care he needs, starts school on an equal footing with his classmates, seeks as much education as he can absorb—in short, goes as far as his talents will take him.

We make this commitment to our youth not merely at the bidding of our conscience. It is practical wisdom. It is good economics. But, most important, as Franklin D. Roosevelt said thirty years ago, because "the destiny of American youth is the destiny of America."

We can shape that destiny if we act now, and if we bring to this task the energy and the vision it demands.

India-U.S. partnership raises the mighty Kakki Dam.



THE NEW ERA OF PROGRESS

Message on Foreign Aid, February 9, 1967

To the Congress of the United States:

Twenty years ago, President Truman set forth the basic proposition underlying the foreign aid program when he told the Congress:

> "I believe that we must assist free peoples to work out their own destinies in their own way. I believe that our help should be primarily through economic and financial aid which is essential to economic stability and orderly political processes."

This judgment was shared by Presidents Eisenhower and Kennedy and by every Congress since the 79th in 1946. It is my judgment today. I believe it is the judgment of most Americans.

Our commitment to assist the economic growth and security of developing nations is grounded in the hard realities of the post-war world. We know that want is the enemy of peace and hopelessness the mother of violence.

THE CURRENT AGENDA

We know that:

- In the long run, the wealthy nations cannot survive as islands of abundance in a world of hunger, sickness and despair.
- The threat to our security posed by internal subversion and insurgency cannot be countered by withdrawal, isolation or indifference.
- Men—acting together—have the power to shape their destiny. Around the world, from Mexico to Greece to Taiwan, we have seen the energy and determination of the emerging peoples transform our aid into the seeds of prosperity.
- Abroad, as at home, the true national interest of the American people goes hand in hand with their sense of freedom, justice and compassion.

Precisely because foreign assistance programs are so vital to our national interest, they must reflect the circumstances of the late sixties, not those of the past. They must respond to the ideas which move men in the emerging nations today. They must draw upon the lessons of experience. They must take account of the growing wealth of other advanced countries.

SIX GUIDING PRINCIPLES

The proposals in this message reflect the experience of our aid activities over two decades. They emphasize the six guiding principles on which our programs must be based:

1. *Self-help*—nations develop primarily through their own efforts. Our programs can only be supplements, not substitutes. This is the overriding principle.
2. *Multilateralism*—every advanced nation has a duty to contribute its share of the cost.
3. *Regionalism*—the future of many countries depends upon sound development of resources shared with their neighbors.
4. *Agriculture, health and education*—these key sectors are the critical elements of advancement everywhere in the underdeveloped world.
5. *Balance of payments*—we cannot help others grow unless the American dollar is strong and stable.
6. *Efficient administration*—every American citizen is entitled to know that his tax dollar is spent wisely.

NEW DIRECTIONS

To carry out these principles, I propose:

- A new Foreign Assistance Act, stating in clear language our objectives, our standards, and our program techniques.
- A statutory National Advisory Com-

Panama: Peace Corps Volunteer Denis Bates of San Mateo, California, supervises building of a new recreation center near a city slum.

mittee on Self-Help, to advise the Congress, the President, the Secretary of State, and the AID Administrator on how effectively recipient nations are mobilizing their own resources under the self-help criteria of the Act.

- A statutory objective that at least 85% of our development loan funds be spent in a regional or multilateral framework.
- More than $1 billion in programs to improve agriculture, education and health, a 25 percent increase over last year.
- A shift in emphasis in our aid policy in Africa, to concentrate our help increasingly on regional and multinational projects.
- Sympathetic consideration of a U.S. contribution to a new special fund of the African Development Bank.
- A $200 million U.S. contribution to new special funds of the Asian Development Bank, in accord with the recommendations of the Black mission, headed by Mr. Eugene Black, my Special Representative on Asian Development.
- A reorganization of the Agency for International Development, to better carry on the War on Hunger and to promote private investment and the growth of private enterprise in the less-developed world.

My proposals for programs authorized by the Foreign Assistance Act in fiscal 1968 will require total appropriations of slightly over $3.1 billion. Of this, some $2.5 billion will be devoted to economic aid. Almost $600 million will be for military assistance. Funds for the regional development banks would be authorized by separate legislation.

THE FOREIGN ASSISTANCE ACT OF 1967

Foreign aid now rests on a legislative foundation enacted in 1961. This pathfinding statute has served the Nation well. But the experience we have gathered over the past several years should now be codified in a new law.

I propose the Foreign Assistance Act of 1967.

This Act will contain a clear statement of the philosophy which underlies our programs and the criteria to be used in this Administration. To provide the continuity needed for sound management, it will contain authorizations covering two years. Most important, it will provide a framework for each of the basic thrusts of our aid policy.

Self-Help—Self-help is the lifeblood of economic development. No sustained progress is possible without it. Aid provided as a substitute is aid wasted.

Waste is a luxury none of us can afford. The only obligation tied to our aid is the recipient's obligation to itself—to mobilize its own resources as efficiently as possible. I will not ask any American citizen to contribute his tax dollars to support any country which does not meet this test.

Accordingly, *the Act will make it clear that the development job is primarily the responsibility of the developing countries themselves.* In no case will the United States undertake to do for any country what it should do for itself. Nor will we assist in any venture which we believe has received less than full support from the recipient country. The United States will insist on the general economic policies necessary to make our aid effective.

We are now applying strict and effective self-help standards. The results are evident in the fact that, on the average, each citizen in the major aid-receiving countries is saving one of every eight dollars he earns. These savings become investments. For every dollar the United States and other donors provide, these local sources invest 10 dollars.

Still, there is an urgent need for a permanent, nonpartisan, public body to evaluate self-help performance.

Thus, *the Act I propose will authorize the President to establish a National Advisory Committee on Self-Help.* This Committee will consist of members from both parties, from the business community, from labor, from universities and from other walks of life. It will review and evaluate our aid programs in as many countries as it sees fit. It will examine our programs to see whether the recipients are extending their best efforts and whether we are making the best possible use of our aid. Its findings will be available to the Congress.

Multilateralism and Burden-Sharing—Development is a world problem. No single country has all of the resources required. Equity demands that no single country be asked to carry the bulk of the load.

I propose that the Act set as an objective that 85% of our development loans be undertaken in a regional or multilateral framework.

This action fits the trend of recent years, as advanced nations have increasingly accepted the responsibilities associated with their growing wealth. The combined value of our economic and food aid is less than seven-tenths of one percent of our national income, only slightly more than the average for all advanced countries. We devote smaller shares to foreign assistance than such countries as France and Belgium.

But these figures do not tell the whole story. Our defense expenditures far exceed those of all other free nations combined and serve their common interest. This burden too must be counted in the balance.

Thus, we must redouble our efforts to get other donors to enlarge their commitments.

Regionalism—Resources know no national boundaries. Rivers flow through many countries, transportation and communication networks serve different peoples, sources of electric power must be shared by neighbors. Economic advance in every part of the world has required joint enterprises to develop shared sources of wealth.

These facts underlie the growing movement toward regional cooperation:

- The Alliance for Progress has transformed the inter-American system of institutions into a reliable and dynamic engine of change.
- Asian initiatives have created the framework for cooperation of all kinds. Such institutions as the Asian and Pacific Council and the Asian Development Bank are clear evidence of the new will to press forward.

I propose that the Act state that the United States will encourage regional economic development to the maximum extent consistent with the economic and political realities in each region.

I propose three steps to carry out this policy:

- *First,* in most African countries, we will gradually shift to cooperative projects which involve more than one donor or more than one recipient.
- *Second,* we will seek an appropriate means of responding to the recent request of the African Development Bank for U.S. participation in a special fund to finance worthy projects which are beyond the means of the Bank's ordinary capital.
- *Third,* we will respond favorably to the request for special funds for the Asian Development Bank. Preliminary explorations suggest a U.S. share of $200 million, to be contributed over a number of years with matching arrangements and balance of payments safeguards.

These proposals spring from a philosophy of pragmatic regionalism. They reflect the facts of economic life.

Political unity is neither required nor expected. But the resources available for development are too scarce to scatter among many countries when greater promise lies in joint action. We must take full advantage of the benefits of cooperation.

Agriculture, Health and Education—The fundamentals of a decent life are sufficient food, freedom from disease, and an opportunity to absorb as much knowledge as individual capacities permit.

These are the first goals of all societies. They must be the first objects of our aid.

I propose that the Act establish agriculture, health and education as our primary concerns and that investment in these areas be substantially expanded.

I propose that our investment in:

- Agriculture rise from $504 million last year to $668 million in 1968.
- Education rise from $166 million to $228 million.
- Health rise from $192 million to $202 million.

In particular, we will wage War on Hunger. Together, the world must find ways to bring food production and population growth into balance. My proposals make clear our determination to help expand food supplies. We must be equally ready to assist countries which decide to undertake voluntary population programs.

Balance of Payments—Our foreign assistance programs rest on the basic strength of the dollar and our balance of payments. This Administration will continue to see that our aid programs have the least possible adverse effect on our balance of payments.

Almost 90 percent of our economic assistance and over 95 percent of our military assistance is now spent in the United States. These programs serve to expand U.S. trade abroad. They help develop new trading patterns.

Efficient Administration—The Agency for International Development is a sound, well-run instrument of public policy. But, like all arms of government, AID can be improved. It can add further to its economy record—a record which includes $33 million in cost reduction last year alone, and a 20 percent cut in personnel—apart from Southeast Asia—since 1963.

I am establishing two new offices in AID:

- An Office of the War on Hunger to consolidate all AID activities relating to hunger, population problems and nutrition.
- An Office of Private Resources to concentrate on marshaling private investment and the expansion of private sectors in the lessdeveloped world—the best long-term route to rapid growth.

Both of these steps are consolidations—they will require no new appropriations or personnel. They will focus the attention and energy of the Agency directly upon two priority areas. They are significant steps forward.

ECONOMIC ASSISTANCE

Latin America—For Latin America, I recommend an economic aid program of $624 million.

This amount is clearly justified by our own interests and the recent performance of our Latin American partners. The program I propose is lean and concentrated. Nearly 70 percent of it will be committed in four countries—Brazil, Colombia, Peru and Chile. In each case, we will make certain that the amount actually spent is in accord with clear needs and meets the strict self-help criteria of the Act.

The outlook for a solid return from these expenditures is promising:

- *Brazil* shows greater economic dynamism than at any time in her recent history. She has forced inflation down from the 1964 high of 140 percent to 40 percent—still far too high, but an enormous improvement. Her balance of payments situation is well under control. Agriculture production has been increased. Per capita income is up. In general, the economic situation is more hopeful than the most favorable predictions of three years ago.
- *Peru* continues its steady economic climb. Per capita income last year was $378, compared to $325 five years before. The critical job now is to bring more people into the economic mainstream, while further stimulating the developed coastal areas. U.S. contributions will be heavy in the areas of agriculture and education.
- In *Chile*, the favorable copper market will make possible a reduction in our aid. We will concentrate our help in the crucial rural area to increase agricultural production and exports.
- In *Colombia*, economic trends are also encouraging. Our contributions will be made through a group of donors led by the World Bank. We will concentrate on agriculture and education.
- Our program for *Central America—Nicaragua, El Salvador, Guatemala, Costa Rica,* and *Honduras*—is tailored to support the Central American Common Market. This Market is one of the most promising innovations in the developing world. The spirit it reflects has already increased trade within the Central America region by 400 percent over the past five years. We will make modest contributions to the Central American Integration Fund to continue and accelerate this pace.
- The balance of my request is largely for the *Dominican Republic* and *Panama*. It is essential that we maintain strong programs in these countries, although they will cost slightly less than in the past.

The vision and hard work of 450 million people in this hemisphere have made the Alliance for Progress into one of the great tools for human betterment. Its success is by no means assured. There will be disappointments as well as achievements along the way. But it is a vehicle for the hopes and energies of a continent. The program I propose will carry it forward.

Meetings among the governments of the Western Hemisphere during the year may produce further proposals, such as replenishment of the resources of the Inter-American Development Bank. Where these proposals merit our consideration and support and require action by the Congress, I will submit my recommendations to you at the appropriate time.

Near East-South Asia—For the Near East-South Asia, I recommend a program of $758 million.

This region provides the harshest test of free institutions:

- Nowhere else in the free world are there so many people: as many as the combined populations of North and South America and Western Europe.
- Nowhere else do so many people live in such dire poverty: per capita income for nine out of every 10 persons is under $100 per year.
- Nowhere else are divisive forces so poised to take advantage of any misstep.

Several advanced nations have banded together, under the leadership of the World Bank, to form an Aid Consortia for India and Pakistan. A similar group has been formed for Turkey, chaired by the Organization for Economic Cooperation and Development. These groups determine the share each member will contribute and provide a forum for continuing discussions with recipient countries. They have served the interests of all parties.

In my Message on Food for India, I proposed that food and related aid be added to the agenda of the consortium for India as an additional area of assistance in which all donors should join. We will exert the full extent of our influence to insure that this consortium becomes the primary vehicle for all aspects of development aid to India—from grants of funds to evaluation of performance.

Despite the shadow of famine and the ever-present danger of renewed frictions, the situation in the three countries—India, Pakistan and Turkey—which will receive 91 percent of our aid to the Near East-South Asia gives reason for hope:

- *India* is trying to regain the lead in the race between her expanding population and her food supply. She plans to double her outlays for agriculture in the next five years and to quadruple her voluntary population program. India has increased fertilizer purchases by 85 percent and has started crash programs in farmland development. She has begun campaigns to increase supplies of better seeds and pesticides. But Indian performance is not confined to agriculture. In early 1966 she liberalized her system of import controls and devalued her currency. All advanced nations must come to her aid if these hard-won opportunities are to be realized.
- *Pakistan* has an outstanding economic record. Her future is brighter still. From 1960 to 1965, her Gross National Product grew at an average annual rate of 5.8 percent compared to 2.5 percent previously; agricultural production grew at an average annual rate of 3.5 percent compared to 1.6 percent previously; local private investment grew by 54 percent; and total private investment was 63 percent over planned targets.
- *Turkey* also has a remarkable record. We and other Western nations are determined to help Turkey meet its goal of self-sustaining economic growth by 1973. She is already well on her way. In 1966, her Gross National Product

DEPARTMENT OF
COMMUNITY DEVELOPMENT

Peace Corps Volunteers Janet Bing and Harry Haywood teach English in Afghanistan and tractor skills in West Cameroon.

grew by 8.3 percent, industry by 9.5 percent, agricultural production by 11 percent, and the use of fertilizer by 40 percent. The percentage of children of school age enrolled in primary schools increased to almost 80 percent.

If it cannot be demonstrated that hard work, coupled with relatively modest amounts of our aid, will produce better lives for the countless millions of this region, our cause will surely fail. The programs I propose will enable us to continue meeting this challenge.

Africa—For Africa, I recommend a program of $195 million.

Africa is undergoing the historic growing pains of attaining stable independence. Thirty-five of her thirty-nine nations have gained their freedom since World War II, many in the past five years. The inevitable strains are evident in the headlines of the world's newspapers.

Mike Bradbury of New Milford, Connecticut, supervises construction of a school in Sierra Leone.

The most hopeful sign of growing African maturity is the increased support for cooperative economic enterprises. With 14 countries of less than five million people each, this attitude is essential for progress.

Our AID policy toward Africa will:

- Encourage the African activities of the World Bank and its affiliates.
- Direct a greater part of our resources into projects and programs which involve more than one African country.
- Seek new breakthroughs in private investment in Africa, particularly the current efforts by private American banks and other financial institutions.

East Asia—For East Asia, I recommend a program of $812 million.

Nearly 85 percent of our assistance to this region is directly or indirectly related to our effort to block Communist aggression.

My recent visit to Asia confirmed my deep conviction that foreign assistance funds for Vietnam and surrounding countries are just as important as military appropriations. They are vital to a successful war effort. They permit us to build for the future.

Most of these funds—about $650 million—will be used in Vietnam, Laos, and Thailand. The $550 million planned for Vietnam is indispensable to military success, economic stability and continued political progress. It will stimulate and support measures to bind the people and government of South Vietnam together in a common cause. It will help to begin the task of reconstruction and development. It will relieve war-time suffering for millions of Vietnamese.

In Laos and Thailand, these funds will finance economic development and security which will assure that armed conflict will not engulf all of Southeast Asia.

Our assistance to Thailand will be channeled through a new consultative group of 13 donors, chaired by the World Bank. In Laos, five other countries will join the U.S. with significant contributions.

Elsewhere in free Asia, the tide of history clearly favors progress:

- *In Korea,* the economy is now growing at the rapid annual rate of eight percent. Industrial production is rising at a 14 percent rate annually, agricultural production at a six percent rate. In the few short years since the Korean War, the Republic of South Korea has become strong enough not only to maintain its internal advance, but to help in the defense of freedom in Vietnam.

- *In Indonesia,* the new government has committed itself to a program of economic rehabilitation and recovery. We are joining with other European and Asian nations to provide urgently needed help to the stricken Indonesian economy. We are also participating in arrangements with other nations to reschedule Indonesian debts.

The road ahead in East Asia is long and dangerous. But these accomplishments are hopeful signs. We will encourage the vital and progressive spirit that has stimulated them.

MILITARY ASSISTANCE

For military assistance, I recommend appropriations of $596 million.

This is the smallest request since the program began in 1950. In part, this fact reflects transfer of appropriations for military assistance for Laos, Thailand, NATO Infrastructure and international military headquarters to the budget of the Department of Defense.

But this request also represents a substantial reduction. Military assistance outside Southeast Asia is now only 45 percent of what it was in 1960.

For the Near East-South Asia, I recommend $234 million, down 50 percent from 1963. Virtually all this will be used in Greece, Turkey and Iran, three countries which have shared the burden of mutual security for twenty years.

For East Asia, I recommend $282 million, almost entirely for Korea and Taiwan. We will use these funds to strengthen these outposts against further Communist expansion in Asia.

For Latin America, I recommend $45.5 million, largely for internal security and training.

For Africa, I recommend $31 million, heavily concentrated in countries where we have major interests and where there are problems of internal security.

It is not the policy of the United States to provide sophisticated arms to countries which could better use their resources for more productive purposes.

It is the policy of the United States to help:

- Where we are asked.
- Where the threat of invasion or subversion is real.
- Where the proposal is militarily and economically sound.
- Where it is consistent with out interests and our limited means.

This will continue to be our policy.

THE CHALLENGE AHEAD

The programs I propose represent the minimum contribution to mutual security and international development which we can safely make.

There are some who say that even this request should be foregone in view of needs at home and the costs of the struggle in Vietnam.

Nothing could be more short-sighted and self-defeating. This country—the wealthiest in human history—can well afford to devote less than seven-tenths of one percent of its national income to reduce the chances of future Vietnams.

Some would have us renege on our commitments to the developing countries on the ground that "charity begins at home."

To them, let me emphasize that I have recommended no charity, nor have I suggested that we stray from home. The inescapable lesson of our century, inscribed in blood on a hundred beaches from Normandy to Vietnam, is that our home is this planet and our neighbors three billion strong.

Still others have grown weary of the long, hard struggle to bring the majority of the world's population out of the shadows of poverty and ignorance.

To them, let me say that we are dealing in decades with the residue of centuries. There is no shortcut. There is no easy way around. The only effective tools are ingenuity, capital and, above all, the will to succeed.

All of us sometimes find ourselves sympathizing with these complaints. All of us are subject to the frustrations, disappointments and shattered hopes which accompany a supporting role in a task which must fundamentally be performed by others. But, in the cold light of reason, our responsibility to ourselves and our children reasserts itself and we return to the task with renewed vigor.

I am confident that the American people have not lost the will and the dedication which have made them the most powerful and responsible Nation on earth.

I am confident that they will go forward into the new era of world progress for which their past efforts have prepared the way.

I am confident that their vision will transcend the narrow horizons of those who yearn for a simpler age.

The proposals I offer today are the practical requirements of that vision. To do less would endanger all we have accomplished in the past two decades.

I know that this test shall not find us wanting.

THE LAST BEST HOPE

Message on Equal Justice, February 15, 1967

To the Congress of the United States:

Almost two centuries ago, the American people declared these truths to be self-evident:

> "That all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are life, liberty and the pursuit of happiness."

Seventy-five years later, a savage war tested the foundations of their democratic faith. The issue of the struggle was, as Lincoln said, whether "we shall nobly save, or meanly lose, the last, best hope on earth."

Democracy triumphed in the field in 1865. But for the Negro American, emancipation from slavery was but the first engagement in a long campaign. He had still to endure the assaults of discrimination that denied him a decent home, refused his children a good education, closed the doors of economic progress against him, turned him away at the voting booth, the jury box, at places of public accommodation, seated him apart on buses and trains, and sometimes even threatened him with violence if he did not assent to these humiliations.

In 1948, President Truman ordered the defense establishment to accord equal treatment to servicemen of every race. That same year, the Supreme Court declared that state courts could not enforce racial covenants in the sale of houses. The Court later struck down racial discrimination in public transportation.

In 1954, segregated education was found to be inherently unequal and in violation of the Fourteenth Amendment.

In 1957, the first civil rights act in eighty-two years passed the Congress.

Three later Acts were adopted within the next decade—in 1960, 1964, and 1965. Congress prohibited interference with the right to vote—to use any hotel, restaurant, or theater—to secure a job on the basis of merit. It barred the use of Federal funds to any agency that practiced racial discrimination.

Within these twenty years, the institutions of democratic government have begun to make the ancient, self-evident truths a reality for all Americans.

Though much of our task still lies before us, it is important to measure the progress we have made in the past few years.

THE STRUGGLE AGAINST DISCRIMINATION

Voting—Since the passage of the Voting Rights Act of 1965, the number of Negroes registered in the five states where voter discrimination was most severe has increased by 64 percent—from 715,099 to 1,174,569. The vast majority of the new voters—about 334,000—were registered by local officials, in voluntary compliance with the Act.

The remainder—some 125,000—were registered by Federal examiners in 47 counties of the five states. Federal observers were present in many counties during the 1966 primary and general elections to insure that the newly registered voters were permitted to vote without interference.

In 1960, a Negro citizen complained that for 10 years he had tried without success to register to vote. Not a single Negro had been registered in his county for 60 years. In 1966, he ran for a seat on the local school board—and won.

Today, twenty Negroes serve in Southern legislatures. Several important local offices, such as school boards and county commissions, now have Negro membership.

The electorate in these states has begun to change. The right to vote—the

fundamental democratic right—is now exercised by men and women whose color served in years past to bar them from the polls. After centuries of silence, their voice is being heard. It will never again be stilled.

Schools—In the 1963-1964 school year, ten years after the landmark *Brown* decision, one percent of the Negro students in the 11 Southern states were in schools also attended by white students.

Then came the 1964 Civil Rights Act and its prohibition against the use of Federal funds to support racial bias.

In September 1966, 12.5 percent of the Negro students in those same states were enrolled in desegregated schools. We expect this figure to increase significantly next fall. We will proceed with the task of securing the rights of all our children.

Hospitals—This year, Negroes are being admitted to hospitals which barred them in the past. By January, 7,130 hospitals—more than 95 percent of the hospitals in the nation—had agreed to provide services without discrimination. More than 1,500 of those hospitals have had to change past policies to make that commitment.

Getting rid of discriminatory practices has benefited hospital systems, as well as the people they serve.

Last year, for example, half the beds in an all-white hospital were unoccupied. Yet Negroes in the community were sent to a completely segregated and overcrowded hospital. The half-empty hospital changed its policies to admit Negroes, and it now operates at full capacity. The formerly Negro hospital will be converted into a nursing home serving both races. The effect of the change was to provide better medical care for the entire community.

Public Accommodations—When the 1964 Civil Rights Act was passed, prohibiting racial discrimination in places of public accommodation, fears were expressed that this sharp change in established customs would bring about serious economic loss and perhaps even violence.

Yet from the start there has been widespread voluntary compliance with the law. Thousands of restaurants, motels and hotels have been opened to Americans of all races and colors. What was thought to be laden with danger proved generally acceptable to both races.

Because all businesses of a similar type are covered, each businessman is free, for the first time, to operate on a non-discriminatory basis without fear of suffering a competitive disadvantage.

Now Negro families traveling through most parts of their country do not need to suffer the inconvenience of searching for a place to rest or eat where they will be accepted or the humiliating indignity of being turned away.

PROGRAMS FOR SOCIAL JUSTICE

The struggle against today's discrimination is only part of the nation's commitment to equal justice for all Americans. The bigotry of the past has its effects in broken families, men without skills, children without learning, poor housing, and neighborhoods dominated by the fear of crime.

Because these effects are encrusted by generations of inferior opportunities and shattered hopes, they will not yield to laws against discrimination alone. Indeed there is no swift medicine, no matter how potent or massively applied, that can heal them at once. But we know some of the things we must do if the healing process is to begin—and we are doing them.

Education—Head Start has given deprived children a chance to learn in later years—instead of being merely exposed to school. Through this and other preschool programs, two million children have been offered better education and health care.

More than seven million children in seventy percent of all school districts in the United States have participated in programs under Title I of the 1965 Education Act. These programs have a single aim: to improve the education of disadvantaged children. The better libraries, larger professional staffs, advanced instructional equipment and other services they provide are investments in the future of children who need them most.

In my Message on America's Children and Youth, I asked the Congress to provide an additional $135 million to strengthen Head Start. With these funds, we will launch a Head Start Follow-Through Program in the early grades of elementary school to maintain the momentum the child has gained and we will extend the Head Start Program downward to cover more three-year-olds.

Extraordinary help at the start of life is necessary for all disadvantaged children. It is particularly necessary for the Negro child reared in poverty and encumbered by generations of deprivation.

Jobs and Training—Thousands of job opportunities for the young have been created by the Neighborhood Youth Corps and the Job Corps. The first, active in both urban and rural areas, has enabled many young people to earn enough to remain in school, and provided employment and remedial education for dropouts.

The Job Corps—also meant to help those between 16 and 21—has offered other thousands both a change of environment and the opportunity to acquire education and job training.

The Manpower Development and Training Act gives men without jobs or skills the chance to acquire both, by combining government planning and resources with private industry. The Work Experience Program offers welfare recipients a means of obtaining the experience they need for gainful employment.

Today's strong economy, which last year put almost three million more Americans on the payrolls, is also of tremendous benefit to needy persons in search of dependable employment. But for the long term, and as demand for better qualified workers grows, training and remedial education will be of even greater importance to the disadvantaged. This is particularly true for those who leave the farm and move to urban areas in search of employment, without the skills an urban society requires.

During the last three years, our training programs have provided the means of self-sufficiency to almost a million men and women. The value of these programs to the Negro American is especially great.

The unemployment rate for Negroes is more than double that for whites. About 650,000 Americans, more than 20 percent of all unemployed, are nonwhite. About 213,000 of these are between 14 and 19 years of age. Job training is essential to enable them to get off the welfare rolls and to go on the tax rolls.

Our economy is also strengthened by these programs. If Negroes today had the same skills as other Americans, and if they were free from discrimination in employment, our Gross National Product could become $30 billion higher.

I will shortly submit recommendations to strengthen and expand these training programs. I am asking the Congress for an additional $135 million in appropriations for the Office of Economic Opportunity for a special program to open the doors of opportunity and meaningful employment to our most disadvantaged citizens.

I will call for the active assistance of private industry and organized labor to provide skills and jobs to those now confined to the welfare rolls and the slums.

THE NEED FOR PERSEVERANCE

There are those who believe this series of accomplishments is long enough. There are those who grow weary of supporting great social programs, impatient with the failures that attend them and cynical about those they are intended to help. There are those who think "equal justice" is a rhetorical phrase, intended only as an admonition to judges, not as a guiding principle for national policy.

To them I can only say: consider the consequences if the Nation—and I as the President—were to take what appears to be the easy way out, abandon the long, hard struggle for social and economic justice and say that enough has been done.

- There would be little hope of strengthening the economy of the country through the improved earning-power and productive capacity of Negro Americans.
- There would be little hope of avoiding massive welfare expenditures for people denied the training and jobs they need to become self-supporting.
- There would be little hope of ending the chain of personal tragedies that began with ancient bigotry and continues to this hour.
- *There would—above all—be little hope of achieving the self-respect that comes to a nation from doing what is right.*

Our task is far from over. The statistics demonstrate the magnitude of the effort required.

- The life expectancy of the Negro is five years shorter than that of his white contemporary and the infant mortality rate for Negroes is 40 percent higher.
- The adult white has had at least three more years of education—and has been educated in better schools—than the average adult Negro.
- The unemployment rate for nonwhites aged 21—even in this time of near full employment—is double that of whites.
- Negroes are characteristically more densely housed in units only 56 percent of which meet health and safety standards.
- The income of the average Negro family is about 40 percent lower than that of the average white family.

The programs we have adopted in the past few years are only a beginning. We have made a good start.

But we must remember that it is only a start. We must realize that civil rights are also civil opportunities. Unless these rights are recognized as opportunities by Negro and white alike,

they can achieve nothing. We must realize that training and education programs provide skills and opportunities. But only where there is both the will to seek the job and the willingness to hire the job applicant, can these programs achieve their ultimate objectives.

The next steps are harder, but they are even more important. We shall need years of trial and error—years in which children can be strengthened to grow into responsible young adults, years of better training, better jobs, better health, and better housing—before the results of what we have done so far can be seen.

Perseverance, the willingness to abandon what does not work, and the courage to keep searching for better solutions—these are the virtues the times require.

CIVIL RIGHTS LEGISLATION

Last year I proposed the enactment of important civil rights legislation. I proposed that legislation because it was right and just.

The civil rights legislation of 1966 was passed by the House of Representatives, and brought to the floor of the Senate. Most of its features commanded a strong majority in both Houses. None of its features was defeated on the merits.

Yet it did not become law. It could not be brought to a final vote in the Senate.

Some observers felt that the riots which occurred in several cities last summer prevented the passage of the bill.

Public concern over the riots was great, as it should have been. Lawlessness cannot be tolerated in a nation whose very existence depends upon respect for law. It cannot be permitted because it injures every American and tears at the very fabric of our democracy.

We want public order in America, and we shall have it. But a decent public order cannot be achieved solely at the end of a stick, nor by confining one race to self-perpetuating poverty.

Let us create the conditions for a public order based upon equal justice.

THE CIVIL RIGHTS ACT OF 1967

The Act I am proposing this year is substantially the same as last year's bill. Some revisions have been incorporated to take account of useful suggestions and perfecting amendments made by the 89th Congress. I believe these revisions offer a basis for common action.

- I recommend the adoption of a national policy against discrimination in housing on account of race, color, religion or national origin. I propose the adoption of progressive steps to carry out this policy.
- I recommend the clarification and strengthening of existing Federal criminal laws against interference with Federal rights.
- I recommend requirements for the selection of juries in Federal courts to guard against discrimination and insure that juries are properly representative of the community.
- I recommend legislation to eliminate all forms of discrimination in the selection of state court juries.
- I recommend that the Civil Rights Act of 1964 be amended to authorize the Equal Employment Opportunity Commission to issue judicially enforceable cease-and-desist orders.
- I recommend the extension, for an additional five years, of the United States Commission on Civil Rights.
- I recommend a 90 percent increase in appropriations for the Community Relations Service.

These measures are not new. I have recommended and supported them in the past. I urge the Congress to act favorably upon them because justice and human dignity demand these protections for each American citizen.

EQUAL JUSTICE IN HOUSING

For most Americans, the availability of housing depends upon one factor—their ability to pay.

For too many, however, there are other crucial factors—the color of their skin, their religion or their national origin.

When a Negro seeks a decent home for himself and his family, he frequently finds that the door is closed. It remains closed—though the Negro may be a serviceman who has fought for freedom.

The result of countless individual acts of discrimination is the spawning of urban ghettoes, where housing is inferior, overcrowded and too often overpriced.

Statistics tell a part of the story. Throughout the nation, almost twice as many nonwhites as whites occupy deteriorating or dilapidated housing. In Watts, 32.5 percent of all housing is overcrowded, compared with 11.5 percent for the Nation as a whole.

In Harlem, more than 237,000 people live in an area consisting of three and one-half square miles. This is a density of 105 people per acre. Ninety percent of the buildings in Harlem are more than 30 years old, and almost half were built before the end of the nineteenth century.

The environment of most urban ghettoes is the same; inferior public facilities and services—streets, lighting, parks; sanitation and police protection; inferior schools; and isolation from job opportunities. In every sphere of urban life the ghetto-dweller is shortchanged.

A child growing up in such an environment must overcome tremendous man-made obstacles to become a useful citizen. The misery we tolerate today multiplies the misery of tomorrow.

Many of our existing and proposed programs—though not directed simply at relieving the problems of any particular minority group—will relieve conditions found in their most acute form in the urban ghetto. These programs are necessary and they must be fully supported.

But money and assistance are not enough. Since the ratification of the 14th Amendment to the Constitution, this Nation has been committed to accord every citizen the equal protection of its laws. We must strengthen that commitment as it relates to discrimination in housing—a problem that is national in scope.

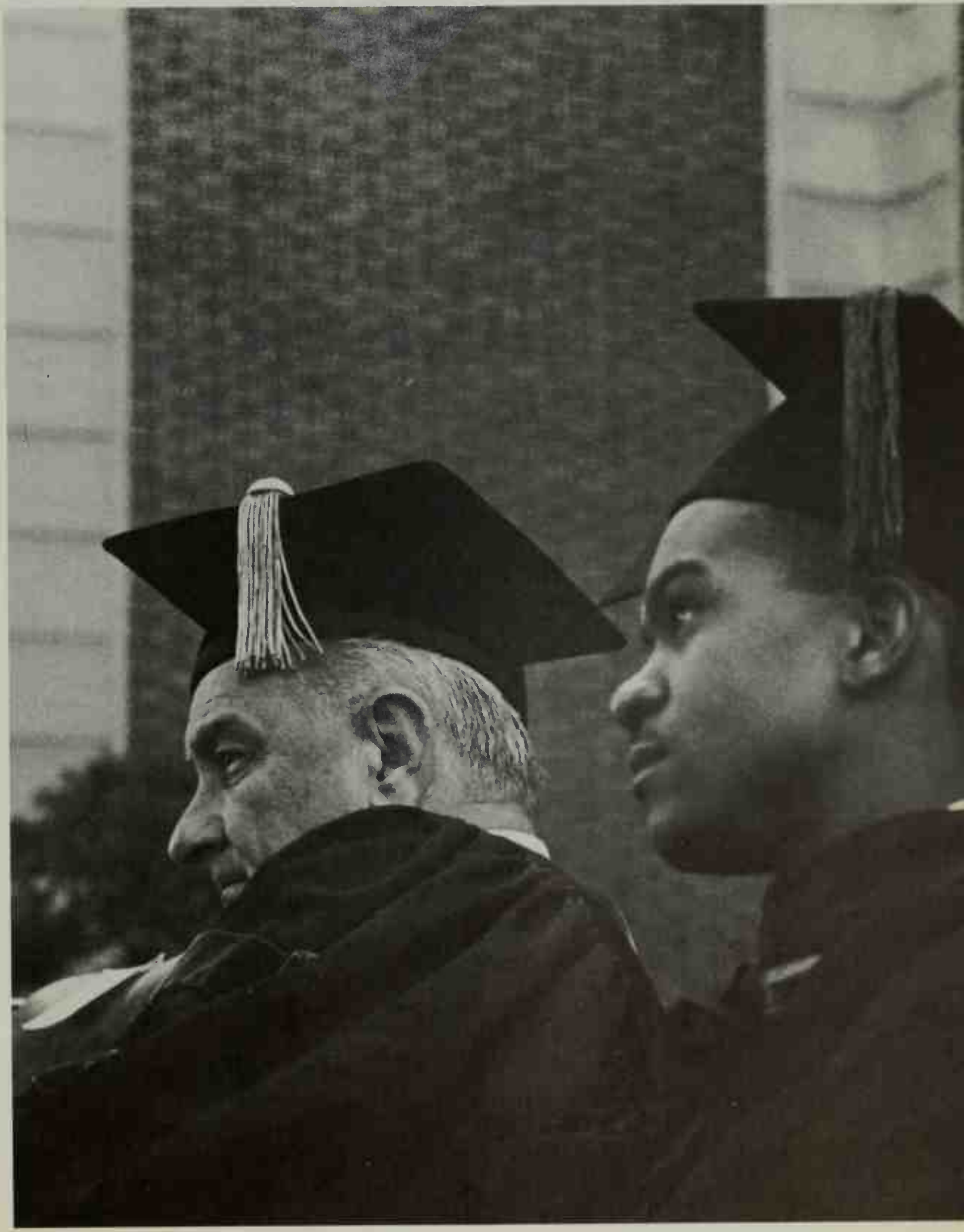
The legislation I recommend would ultimately apply to all housing in the United States. It would go into effect by progressive stages.

The proposed legislation would direct the Secretary of Housing and Urban Development to carry out education and conciliation measures to seek an end to discrimination in housing. He would call conferences of leaders in the housing industry, consult with state and local officials, and work with private organizations.

The prohibition against discrimination in the sale or rental of housing would become effective progressively over a two-year period:

- Immediately, to housing already covered by the Presidential order on equal opportunities in housing.
- During 1968, to dwellings sold or rented by someone other than their occupant, and to dwellings for five or more families. Essentially, this stage would cover large apartment houses and real estate developments.
- In 1969, the Act would apply to all housing.

This Act would be aimed at commercial transactions, not at the privacy of the home. It would outlaw discriminatory practices in financing housing and in providing real estate brokers' services. It would prohibit "block-busting" by which unscrupulous dealers seek to



"THE SUGAR SHACK

Waiting to vote—after years of waiting for the right to vote.

frighten homeowners into selling quickly, out of fear that the value of their homes will decline.

In every instance, the legislation would require the Secretary of Housing and Urban Development to try to achieve a voluntary solution. Only if such a settlement could not be reached would the Secretary be authorized to hold an administrative hearing. If, after an administrative hearing, a violation of the law were found, the Secretary would be authorized to issue a judicially enforceable cease-and-desist order.

The Secretary would work with State and municipal fair housing agencies that already exist. In appropriate cases he would be authorized to rely on their enforcement of the State and city laws.

The Attorney General would be empowered to support these enforcement efforts, when he had reason to believe that a general pattern or practice of discrimination exists.

Last year the legislation I proposed to ban discrimination in housing stirred great controversy. Although a majority of both Houses in the Congress favored that legislation, it was not enacted. Some of the problems raised by its adversaries were real; most involved myths and misinformation. The summer riots in our cities did as much damage to the chances of passing that legislation as the unfounded fears of many Americans and the opposition of special interest groups.

There should be no need for laws to require men to deal fairly and decently with their fellowman. There should be no need to enact a law prohibiting discrimination in housing—just as there should have been no need to send registrars to enforce voting rights, to issue guidelines to require desegregation of our schools, to bring suits in Federal courts to insure equal access to public accommodations, and to outlaw discrimination in employment.

But the Civil Rights Acts of 1957, 1960, and 1964 and the Voting Rights Act of 1965 were necessary and they have moved this country toward our goal of providing a decent life for each of our citizens.

I am proposing fair housing legislation again this year because it is decent and right. Injustice must be opposed, however difficult or unpopular the issue.

I believe that fair housing legislation must and will be enacted by the Congress of the United States. I was proud to be a member of the Congresses that enacted the Civil Rights Acts of 1957 and 1960 and as President to sign into law the 1964 and 1965 Acts. I believe the generations to come would look upon the enactment of this legislation by the 90th Congress as one of its proudest achievements. I cannot urge too strongly that the Congress act promptly on this legislation.

Today the subject of fair housing is engulfed in a cloud of misinformation and unarticulated fear. Some believe the

value of their homes must decline if their neighborhoods are integrated. They fear the conversion of their communities into unsightly slums, if a family of a different color moves into a house across the street. Neither of these events need occur. In an atmosphere of reason and justice, they would not occur. In the scores of cities and states that have such laws these events have not occurred.

The task of informing the minds and enlightening the consciences of those who are subject to these fears should begin at once. Churches can help perform this task with a unique competence—and they should. So should civic organizations, public officials, human relations commissions, labor unions and private industries. It must be done. The sooner it is done, the nearer we will come to that just America it is our purpose to achieve.

INTERFERENCE WITH RIGHTS

Another basic test of equal justice is whether all men are free to exercise rights established by the Congress and the Constitution. A right has little meaning unless it can be freely exercised. This applies in particular to Negro Americans who seek to vote, attend school, and utilize public accommodations on an equal basis.

Negro children have been abused for attending previously segregated schools. Shots have been fired into the homes of their parents. Employers who practiced nondiscrimination have been harassed. Most shocking of all are the crimes which result in loss of life. Some of the victims have been Negroes; others were whites devoted to the cause of justice.

State and local officials are primarily responsible for preventing and punishing acts of violence. In many cases, however, these officials have not been able to detect or prosecute the perpetrators of the crimes. In some, unfortunately, they have not been willing to meet their obligations. For these reasons and because violence has too often been used to deny Federal rights, there is need for Federal legislation.

Present Federal statutes are inadequate in several respects. Maximum penalties are too low for crimes which cause death or serious injury. Only in some instances do the statutes reach misconduct by private persons not acting in concert with public officials. Existing laws do not spell out clearly the Federal rights which they protect.

To remedy these deficiencies, I recommend legislation to:

- Specify the activities which are protected, including voting, purchasing a home, holding a job, attending a school, obtaining service in a restaurant or other place of public accommodation.
- Prohibit acts or threats of violence, by private individuals acting alone or public officials, directed against Negroes or

Legal Aid Services give counsel and comfort to the needy.

groups. Often the cause lay in the method of selection.

I recommend legislation to:

- Eliminate discrimination in the selection of juries in Federal courts.
- Insure that juries in Federal courts are uniformly drawn from a broad cross section of the community.

To reduce to a minimum the possibility of arbitrary exclusion of certain groups, the act will spell out in detail the selection procedures to be followed in all Federal district courts. Names of prospective jurors would be obtained by random selection from voter lists—a broadly representative source in almost all parts of the country, now that the Voting Rights Act of 1965 is being implemented. Under the bill only objective members of other minority groups because they are or have been participating in those activities.

- Authorize victims of violence to bring civil actions for damages or injunctive relief.

The penalties prescribed are graduated, depending on the gravity of the offense. When physical injury results, the maximum penalty is $10,000 and ten years. When death occurs, the sentence may be imprisonment for any term of years or for life.

FEDERAL AND STATE JURIES

A fair jury is fundamental to our historic traditions of justice.

Fairness is most likely to result when the jury is selected from a broad cross section of the community. The exclusion of particular groups or classes from jury duty not only denies defendants their right to an impartial jury. It also denies members of the excluded group the opportunity to fulfill an important obligation of citizenship and to participate in the processes of their government.

On many occasions, I have emphasized the importance of respect for the law. Yet, creating respect for legal institutions becomes virtually impossible when parts of our judicial system operate unlawfully or give the appearance of unfairness.

Current methods of Federal court jury selection have sometimes resulted in the exclusion of Negroes and other minority standards, including basic literacy requirements found in existing law, could be used to determine the qualifications of a prospective juror.

Legislation to deal with selection of State court juries is also needed. There has been persistent, intentional discrimination in juror selection in some localities. A recent case involved jury discrimination in a county whose population in 1960 was more than 70 percent Negro. Of the persons listed on the jury rolls between 1953 and 1965, less than two percent were Negro. No Negro had ever served as a member of a jury in that county.

Numerous criminal convictions obtained in State courts have been set aside on the ground that Negroes were excluded from the juries. Such court decisions may assure justice in a particular case. They cannot reform the jury selection systems.

The Fourteenth Amendment establishes equality before the law and charges the Congress with enforcing that requirement. Such flagrant, persistent abuses as are revealed in many recent jury selection cases cannot be tolerated by a society which prides itself on the rule of law.

I recommend legislation to:

- Prohibit discrimination on account of race, color, religion, national origin, sex, or economic status in the selection of State or local juries.
- Authorize the Attorney General to sue State or local jury officials who exclude Negroes or members of other minority groups from juries.
- Prescribe new remedies to make it easier to prove jury discrimination.
- Authorize the courts to issue a variety of orders specially tailored to eliminate the most common methods by which jury discrimination is practiced.

EQUAL JUSTICE IN EMPLOYMENT

The Civil Rights Act of 1964 prohibited discrimination in hiring, promotion and working conditions, as well as discrimination in the membership practices of labor organizations. The Equal Employment Opportunity Commission was created to carry out the Congressional mandate.

The Commission was directed to eliminate discriminatory employment practices by informal methods of conciliation and persuasion. By the end of this fiscal year, the Commission will have completed over two thousand investigations and more than five hundred conciliation efforts. This is hard work, but when it succeeds, case by case it opens up new opportunities to:

- The minority group employees of an aircraft company, who no longer are confined to dead-end jobs but now have training opportunities in 40 job classifications.
- The employees of a large ship construction firm which has improved the job rights of over 5,000 Negroes.

Unlike most other Federal regulatory agencies, the Equal Employment Opportunity Commission was not given enforcement powers. If efforts to conciliate or persuade are unsuccessful, the Commission itself is powerless. For the individual discriminated against, there remains only a time-consuming and expensive lawsuit.

In considering the proper role of the Equal Employment Opportunity Commission, it is important to bear in mind that non-white unemployment remains disproportionately high:

- In 1966, the unemployment rate was 3.3 percent for white persons. It was 7.3 percent for non-whites.
- Non-white unemployment in 1965 was twice the rate for whites. In 1966, the ratio rose to 2.2 to 1.
- Among youth not attending school, the unemployment rate in 1966 was 8.5 percent for whites and 20.3 percent for non-whites.

No single factor explains the differences in the unemployment rates of non-whites and whites. But part of the disparity is clearly attributable to discrimination. For that reason, effective remedies against discrimination are essential.

I recommend legislation to give the Equal Employment Opportunity Commission authority to issue orders, after a fair hearing, to require the termination of discriminatory employment practices.

The cease-and-desist orders of the Commission would be enforceable in the Federal Courts of Appeal and subject to judicial review there. These powers are similar to those of other Federal regulatory agencies.

Enforcement power would harmonize the procedures of the Commission with the prevailing practice among States and cities that have had fair employment practices agencies for many years. It would reduce the burden on individual complainants and on the Federal courts. It would enhance the orderly implementation of this important national policy.

THE COMMISSION ON CIVIL RIGHTS

The United States Commission on Civil Rights has, since its creation in 1957, proved to be an exceptionally valuable agency. This bipartisan fact-finding agency has contributed substantially to our determined effort to assure the civil rights of all Americans. Its investigations and studies have contributed to important changes in the laws and policies of the Federal government. Publications of the Commission—in the fields of voting, housing, employment, school segregation, and equality of opportunity in government programs—have been helpful to other government agencies and to private groups interested in equality of opportunity.

The Commission has also served as a clearinghouse for information on civil rights matters. It has provided information on Federal laws, programs and services to assist communities and private organizations in dealing with civil rights issues and with economic and social problems affecting race relations.

Under existing law, the term of the Commission expires on January 31, 1968. But much more remains to be done.

I recommend that the life of the Commission be extended for an additional five years.

COMMUNITY RELATIONS SERVICE

The Civil Rights Act of 1964 recognized the importance of providing bridges of understanding for communities across the land struggling with problems of equal justice and discrimination. Last year, I recommended, and you in the Congress approved, the transfer of the Community Relations Service to the Department of Justice to make it a more effective instrument of national policy.

This year, I recommend that the funds for the work of the Community Relations Service be increased by 90 percent—from $1.4 million to $2.7 million.

In city after city and county after county, the men of the Community Relations Service have worked, quietly and effectively, behind the scenes, to conciliate disputes before they flared up in the courtrooms or on the streets.

I deeply believe that, under our democratic system, the work of conciliation can be brought to bear increasingly to remove many of the injustices, intentional and unintentional, which derive from prejudice. It is in this spirit and with this conviction that I request a substantial increase in the funds appropriated to the Community Relations Service.

EQUAL JUSTICE

We adopted a Constitution "to form a more perfect union, establish justice, insure the domestic tranquility," and "provide for the common defense."

In our wars Americans, Negro and white, have fought side by side to defend freedom. Negro soldiers—like white soldiers—have won every medal for bravery our country bestows. The bullets of our enemies do not discriminate between Negro Marines and white Marines. They kill and maim whomever they strike.

The American Negro has waited long for first-class citizenship—for his right for equal justice. But he has long accepted the full responsibilities of citizenship.

If there were any doubt, one need only look to the servicemen who man our defenses. In Vietnam, 10.2 percent of our soldiers are American Negroes bearing equal responsibilities in the fight for freedom—but at home, 11 percent of our people are American Negroes struggling for equal opportunities.

The bullets at the battlefront do not discriminate—but the landlords at home do. The pack of the Negro soldier is as heavy as the white soldier's—but the burden his family at home bears is far heavier. In war, the Negro American has given this nation his best—but this nation has not given him equal justice.

It is time that the Negro be given equal justice. In America, the rights of citizenship are conferred by birth—not by death in battle.

It is our duty—as well as our privilege—to stand before the world as a nation dedicated to equal justice. There may be doubts about some policies or programs, but there can be no doubt about the rights of each man to stand on equal ground before his government and with his fellow man.

On June 4, 1965, at Howard University, I spoke about the challenge confronting this Nation—"to fulfill these rights." What I said then has even greater importance and meaning for every American today:

> "Freedom is the right to share fully and equally in American society—to vote, to hold a job, to enter a public place, to go to school. It is the right to be treated in every part of our national life as a person equal in dignity and promise to all others.
>
> But freedom is not enough. You do not wipe away the scars of centuries by saying: Now you are free to go where you want, do as you desire, and choose the leaders you please.
>
> You do not take a person who, for years, has been hobbled by chains and liberate him, bring him up to the starting line of a race and then say, 'You are free to compete with all the others,' and still justly believe that you have been completely fair.
>
> Thus it is not enough just to open the gates of opportunity. All of our citizens must have the ability to walk through those gates.
>
> This is the next and more profound stage of the battle for civil rights. We seek not just freedom but opportunity—not just legal equity but human ability—not just equality as a right and a theory, but equality as a fact and as a result.
>
> For the task is to give 20 million Negroes the same chance as every other American to learn and grow, to work and share in society, to develop their abilities — physical, mental and spiritual, and to pursue their individual happiness."

* * * * * *

> "There is no single easy answer to all of these problems.
>
> Jobs are part of the answer. They bring the income which permits a man to provide for his family.
>
> Decent homes in decent surroundings, and a chance to learn—an equal chance to learn—are part of the answer.
>
> Welfare and social programs better designed to hold families together are part of the answer.
>
> Care of the sick is part of the answer.
>
> An understanding heart by all Americans is also a large part of the answer.
>
> To all these fronts—and a dozen more—I will dedicate the expanding efforts of the Johnson Administration."

APPLE BUTTER
APPLE SAUCE
B
BABY FOODS
BACON
BAKED BEANS
BAKERY
2
3
FRESH GREEN PEPPERS 5¢ EA.
BARBECUE TIME

TO CARRY FORWARD IN THE PUBLIC INTEREST

Message on Protecting the American Consumer, February 16, 1967

To the Congress of the United States:

Almost 100 years ago the 42nd Congress enacted and President Grant signed the first consumer protection law—to prohibit the fraudulent use of the mails.

We have passed many milestones since then on the road to consumer protection. One landmark was the Pure Food and Drug Act of 1906. Shortly after its enactment, President Theodore Roosevelt wrote:

> "The work thus begun must be unflinchingly carried forward in the interest both of the public and of the great body of . . . producers who are engaged in honest business."

Congresses and Presidents have "unflinchingly carried forward" in the public interest—from the Federal Trade Commission Act passed during Woodrow Wilson's day and the Securities Act under Franklin Roosevelt, to the Truth-in-Packaging Act under the 89th Congress last year.

The consumer has also benefited from wise government policies to promote and stabilize prosperity. The American consumer today enjoys the highest standard of living ever experienced in the world. And it has risen rapidly in recent years. During the past three years, the consumer has reaped the harvest of a vigorous prosperity:

- Nearly 6 million more Americans are at work, contributing to production and collecting growing paychecks;
- Real income after taxes has advanced 13 percent for the average American, a gain as large as in the preceding 8 years;
- The net financial wealth of American families has risen $150 billion.

We were concerned with the rise in prices last year, even though the incomes of most families outpaced the price level. Over the past several months, price increases have waned in intensity. And there is clear and welcome evidence that interest rates have been moving down. We must take whatever steps are necessary to continue these trends.

With the cooperation of business, labor and the consumer, government policies will be working this year

- to improve our record on prices and interest rates, and
- to continue the steady growth of family incomes.

The rising incomes of prosperity have brought new vigor to the marketplace. American business has responded with matchless ingenuity and enterprise to produce the widest range of quality products ever offered for sale.

But the march of technology that has brought unparalleled abundance and opportunity to the consumer has also exposed him to new complexities and hazards. It has made his choices more difficult. It has made many of our laws obsolete and has created the need for new legal remedies and safeguards. In short, we are faced with new problems of prosperity.

Most of these problems are resolved in the free competitive market through the energies of private enterprise. It is remarkable how well the free enterprise system does its job. The Government does not and will not tell business what to produce or labor where to work. Nor will it tell the consumer what to buy.

By comparison with the scope of the market, the task of the Government is relatively small. Nonetheless, that task is vital and must be executed fully and faithfully. It must be kept up to date with the realities of modern life and a sophisticated marketplace.

The Government must work to make consumer choice fully effective. The consumer must be protected against unsafe products, against misleading information, and against the deceitful practices of a few businessmen that can undermine confidence in the vast majority of diligent and reputable firms.

The 89th Congress fulfilled these responsibilities. It will surely go down in history as a consumer's Congress. I proposed and you in the Congress enacted a series of measures designed to protect the consumer in the modern supermarket, on the new high-speed turnpikes of America and in our growing banking and savings institutions:

- The Truth-in-Packaging Act has launched a system to tell the buyer just what he is purchasing, how much it weighs, and who made it.
- The Traffic and Highway Safety Acts have begun the first comprehensive national attack on the mounting toll of death and destruction on the highways.
- The Child Protection Act is safeguarding our youngsters against needless tragedy from hazardous toys.
- Additional insurance protection has been afforded to the millions of Americans who place their savings on deposit.

I now call upon the 90th Congress, in Theodore Roosevelt's words, to carry forward unflinchingly in the public interest, and to build on the record of progress of the 89th Congress. For there is important unfinished and new business on the agenda to:

- Provide consumers with accurate and clear information on the cost of credit.
- Give our investors better protection in their purchases of undeveloped land, their interests in private pension and welfare plans and their holdings of mutual funds.
- Insure that medical devices and laboratories designed to aid health do not instead intensify illness.
- Close the gaps in our system of meat inspection.
- Reshape our laws dealing with hazardous household products.
- Improve our shameful record of losses of life and property through fires.
- Minimize the likelihood of massive electric power failures.
- Insure the safety of natural gas pipelines.

I have submitted many proposals at this session to benefit the poor and the disadvantaged of our land. The recommendations I am making today will help all Americans. Most of all, they will help middle income families—the vast majority of Americans who can afford to enjoy the abundance of the marketplace, but who can ill afford the high cost of deceit, misinformation and confusion.

TRUTH IN LENDING

Consumer credit has become an essential feature of the American way of life. It permits families with secure and growing incomes to plan ahead and to enjoy fully and promptly the ownership of automobiles and modern household appliances. It finances higher education for many who otherwise could not afford it. To families struck by serious illness or other financial setbacks, the opportunity to borrow eases the burden by spreading the payments over time.

Because of these benefits, consumers rely heavily on credit. Outstanding consumer credit today totals $95 billion. $75 billion takes the form of installment credit. The interest costs on consumer credit alone amounted to nearly $13 billion in 1966.

The consumer has the right to know the cost of this key item in his budget just as much as the price of any other commodity he buys. If consumers are to plan prudently and to shop wisely for credit, they must know what it really costs.

In many instances today, consumers do not know the costs of credit. Charges are often stated in confusing or misleading terms. They are complicated by "add-ons" and discounts and unfamiliar gimmicks. The consumer should not have to be an actuary or a mathematician to understand the rate of interest that is being charged.

As a matter of fairplay to the consumer, the cost of credit should be disclosed fully, simply and clearly.

Now that the right of consumers to be fully informed is protected when they shop in the supermarkets, the time has come to protect that right for shoppers who seek credit.

I recommend the Truth-in-Lending Act of 1967 to assure that, when the consumer shops for credit, he will be presented with a price tag that will tell him the percentage rate per year that is being charged on his borrowing.

We can make an important advance by incorporating the wisdom of past discussions on how the costs of credit can best be expressed. As a result of these discussions, I recommend legislation to assure:

- Full and accurate information to the borrower, and
- Simple and routine calculations for the lender.

This legislation is urgently needed to:

- Close an important gap in consumer information.
- Protect legitimate lenders against competitors who misrepresent credit costs.

The Truth-in-Lending Act of 1967 would strengthen the efficiency of our credit markets, without restraining them. It would allow the cost of credit to be freely determined by informed borrowers and responsible lenders. It would permit the volume of consumer credit to be fully responsive to the growing needs, ability to pay and aspirations of the American consumer.

THE INVESTING PUBLIC

With savings derived from an abundant economy, America has become a Nation of investors.

The landmark securities laws enacted during President Franklin Roosevelt's first term have provided important safeguards over the last three decades to the millions of Americans who invest in stock. The deposit insurance laws of the New Deal safeguard our checking and savings accounts.

Today new efforts are needed to assure that Federal protection of the investor keeps pace with the changing needs and growing wealth of the American economy. There are three areas of rapidly expanding investment that require the attention of the Congress in 1967—interstate land sales, private pension and welfare plans and mutual funds.

1. Interstate Land Sales—Many investors—particularly older Americans—are attracted to advertisements offering inexpensive retirement homesites. The interstate mail order sale of such land runs into many millions of dollars each year.

Most buyers get what they pay for. But, according to evidence obtained by the Senate Subcommittee on Frauds and Misrepresentations Affecting the Elderly, "slippery language and omission of important facts" have given too many buyers grossly distorted impressions of the land they later purchased.

Some of our senior citizens have become victims of subtle and sharp sales practices. They have wasted much of their life savings on a useless piece of desert or a swampland.

A number of States have enacted legislation to deal with these abuses. But only the Federal Government can have effective authority over interstate mail order sales. Only the exercise of such authority can protect the buyer and legitimate seller alike against loss and injury.

I recommend the Interstate Land Sales Full Disclosure Act of 1967 to afford the public greater safeguards against sharp and unscrupulous practices.

Under the Act, developers engaged in interstate commerce, who offer to sell unimproved subdivided lots, would be required to disclose to potential buyers fully, simply, and clearly all of the material facts needed for an informed choice. This can be assured—without burdening the legitimate developer—through a Securities and Exchange Commission registration procedure. The procedure would be similar to the proven and effective disclosure technique used for public offerings of corporate stock.

2. Pension and Welfare Plans—More than 40 million workers on the payroll of American industry are now participating in private welfare and pension plans.

These plans are of vital importance to the worker and his family. They are a source of retirement income. They help meet the bills when illness or disability strikes. In combination with the Federal social security system, they provide a framework of protection for the American worker in his old age.

These private plans have grown sharply. Today, they account for assets of $90 billion. The very size of these plans make it essential that they be soundly administered in the public interest. Because employer and worker alike rely upon them so heavily, they must be operated with unquestioned prudence and integrity.

The vast majority of welfare and pension plans are managed wisely by able officials, who follow the strictest code of fair dealing.

Yet our goal must be to guarantee to every American worker that the steward of his particular plan, just as any other trustee, follows the highest standards of responsibility. Federal law provides a number of safeguards—but there are serious gaps which must be closed.

The law, for example, does not bar conflicts of interest between the plan and its employer company. Nor does it now adequately prohibit a conflict between the private or personal interests of the plan's manager and the larger interests of the beneficiaries. There have even been cases where managers have obtained loans for themselves and their personal friends.

In some cases, serious abuses of trust have not been reached by the law. In other instances, a timely audit could have prevented fraudulent activity. But the law requires no such independent check.

I recommend the Welfare and Pension Plan Protection Act of 1967 to extend additional protection to the American worker, his family and his employer.

Under this Act:

- Time-tested standards of responsibility and fair dealing will be required of plan administrators.

- Yearly independent audits of welfare and pension plans will be conducted by certified or licensed public accountants.
- Disclosure of the plan's financial activities will be made more complete.
- Maximum limits will be placed on the portion of the plan that may be invested in stock of the employer company.
- The enforcement and investigatory powers of the Secretary of Labor will be expanded.
- Legal remedies will be available to recover losses to the beneficiary resulting from breaches of faith by administrators of the plan.

This law will not interfere with the discretion of plan managers in making legitimate investment decisions. It will, however, insure the worker and his family that their welfare and pension plans will be administered fairly and honestly.

3. Mutual Funds—In 1940, President Roosevelt signed the Investment Company Act—and for the first time direct protection was extended to the investor in a mutual fund.

At that time, about 300,000 Americans held mutual fund shares, worth $450 million. Today, mutual fund investors number more than 3.5 million. Their holdings are worth over $38 billion. Many of these investors are families of modest means.

The spectacular growth of the mutual fund industry is an indication of its popularity and of the important role it plays in the economy. Through these funds, the small investor can obtain professional management and an interest in a diversified portfolio of securities. He expects to and is willing to pay reasonable fees for these services.

The vast expansion of mutual funds, particularly in the last decade, has brought to the fore new issues which were either non-existent or of secondary importance when the Investment Company Act was passed over a quarter of a century ago. A wise and forward-looking Congress in 1940 authorized the Securities and Exchange Commission to conduct a study of mutual funds if "any substantial further increase in the size of investment companies creates any problem involving the protection of investors or the public interest."

Acting under this mandate, the Securities and Exchange Commission has made periodic studies of the mutual fund industry. Two months ago, the Commission submitted to the Congress a thoughtful and exhaustive 346-page analysis, "Public Policy Implications of Investment Company Growth."

The SEC report reaffirms the diligent manner in which the funds are managed and cites the proud record of the industry. However, it raises a number of serious questions when it states that:

- The great economies of size resulting from the growth of funds have brought vast profits to fund managers. But these economies have not been shared adequately with the investor.
- Sales charges for mutual funds may often be unnecessarily high.
- Investors of modest means have purchased "front end load" plans under which as much as 50% of their payments during the first year are deducted as sales commissions. They may face a substantial loss if financial difficulties force them to withdraw from the plan at an early date. In many cases the consumer is unaware of other forms of mutual fund investment which may be available at lower costs.

The Commission's study concludes that mutual fund shareholders need additional safeguards in the areas mentioned above and that protections under present law should be extended.

I urge the Congress to give careful consideration to the Report and recommendations of the Securities and Exchange Commission. In my judgment, they provide a sound basis for measures which will be beneficial to the investing public and promote the health and stability of the industry itself.

PROTECTING THE PUBLIC'S HEALTH

Today, we have a network of safeguards protecting the public's health.

In 1938 the Congress strengthened the Food, Drug and Cosmetics Act to require that the safety of drugs be cleared prior to marketing. In 1962, the law was further reinforced to require that the effectiveness of drugs also be cleared prior to marketing.

The value of these laws is beyond question. Nonetheless, important gaps in the law remain which should be closed now.

Insuring the Safety and Effectiveness of Medical Devices—Under present law, dangerous and worthless devices may be marketed until the Government—sometimes by chance, sometimes by complaint—discovers them and gathers the necessary evidence to establish that they are hazardous or ineffective. This is a laborious process. It requires many months. It is costly.

In the meantime, the elderly and the seriously ill suffer most. Improper treatment with worthless devices can be the cruelest hoax of all.

President Johnson and Betty Furness, Special Assistant for Consumer Affairs, discuss legislation to protect the housewife.

We want to foster continued research and development of life-saving devices. But we must be sure they have been adequately tested before they are put on the market. We cannot be sure today.

Congressional testimony has revealed that

—Defective nails and screws for bone repair have required repeated operations to correct the damage.

—Some artificial eyes have resulted in serious infection.

—Useless heating and vibrating devices have caused the ill to squander their money and delay the pursuit of effective treatment.

—X-ray machines, which could have been properly safeguarded at little cost, emitted excessive doses of radiation.

I recommend the Medical Device Safety Act of 1967.

Under this Act, the Food and Drug Administration would be required to preclear certain therapeutic materials—such as artificial organ transplants—used mainly on or in the body. In addition, the FDA will establish standards to assure the safety and performance of certain classes of widely used devices—bone pins, catheters, X-ray equipment, and diathermy machines.

In every case, the rights of the parties will be protected by fair hearings.

This new law will not apply to simple and ordinary patient care items which have withstood the test of time and are generally recognized as safe and reliable. It will not apply to an item specially ordered or designed by a surgeon or physician. Nor will it inhibit the research and development essential to the advancement of the medical arts. It will, however, protect physician and patient alike from devices which are dangerous and unreliable.

Improving our Clinical Laboratories—Most clinical laboratories render outstanding and dedicated services to patients and doctors. But the sub-standard clinical laboratory remains outside the reach of the law. There have been deeply disturbing revelations of inaccurate medical tests performed by some of these laboratories. These tests have caused serious harm to the health and have threatened the lives of patients.

Consider the following:

- Expert studies indicate that one out of every four diagnostic tests conducted by clinical laboratories may be inaccurate.
- Mismatched blood transfusions have caused serious injury or death.
- Falsely low hemoglobin readings have resulted in transfusions patients did not need.
- Inaccurate tests have resulted in the needless prescription of highly toxic drugs.
- False tests have resulted in cruel anxiety to the patient and his family.

I recommend the Clinical Laboratories Improvement Act of 1967.

Under this Act, clinical laboratories engaged in interstate commerce would be licensed by the U.S. Surgeon General and required to comply with minimum performance standards set by him.

We will also provide, under the "Partnership for Health Act," a series of flexible matching grants to State and city health departments to strengthen their procedures for evaluating the skill and performance of clinical laboratories not in interstate commerce.

ASSURING WHOLESOME MEAT

For 60 years, the Federal meat inspection program has removed unwholesome and adulterated products from the Nation's meat counters. The American housewife knows she can count on the quality of inspected meat. Indeed, she may expect that all the meat she buys deserves her confidence.

Yet, millions of tons of meat are not subjected to these high standards of inspection. Nearly 15 percent of the fresh meat supply and almost 25 percent of processed meat products do not enter into interstate commerce and are therefore not inspected under the Federal program. Although some of this meat is inspected under State and local programs, most of it receives no inspection at all.

It should be our goal to provide full assurance of the wholesomeness of all meat products offered for sale to the housewife. This assurance can best be developed through a Federal-State partnership for consumer protection.

I recommend the Wholesome Meat Act of 1967.

This legislation would modernize the present Federal Meat Inspection Act, a law which has been amended only once since its enactment in 1907. Under the strengthened legislation, the Secretary of Agriculture would be authorized to:

- Enter into cooperative agreements with States seeking to raise their standards of meat inspection.
- Furnish these cooperating States with up to half of the administrative cost of the inspection program and a major share of the cost of training personnel to man the program.

This legislation would greatly enhance the wholesomeness of our total meat supply.

PROTECTIONS AGAINST HAZARDS IN THE HOME

Time and again during the 20th Century, Congress has enacted new legislation to protect the health and safety of consumers. Our lawmakers have responded to changing needs and circumstances. Often they have been spurred by particular tragedies or specific disclosures.

News stories about young girls burned by flaming sweaters brought swift Congressional action in 1953 to deal with certain flammable wearing apparel. The tragic deaths of children by suffocation in refrigerators led to the Refrigerator Safety Act.

It is right and gratifying that the national conscience responds vigorously to such events. But the result is a patchwork of frequently uncoordinated laws, incomplete and uneven in coverage, often containing loopholes and gaps unknown and unrecognized by the general public. The time has come to take an over-all look at our national safety legislation and to determine how it can best be streamlined to meet the needs of today.

National Commission on Product Safety—It is particularly urgent to review our safeguards against hazardous household products. Recent estimates indicate that over 400,000 accidents a year can be attributed to power mowers, washing machines, power tools, and cooking utensils.

Consumers must, of course, exercise proper caution in using equipment which inherently has some risk. But consumers should not be exposed to unnecessary risks resulting from improper design or defective manufacture. Today, too often, the consumer cannot be sure where such hazards lie.

The time has come for a comprehensive review of the:

- Scope and potential of voluntary industry efforts to develop safety standards and to engage in self-regulation.
- Relationship among Federal, State and local laws and regulations.
- Proper identification of products

which present undue and unreasonable hazards to the health and safety of consumers.

- Question of responsibility and enforcement, particularly of manufacturers' liability for injuries caused by hazardous products.

When we have the answers to these questions, we can move from a patchwork of regulation to the comprehensive network of safeguards the American consumer deserves.

I recommend that the Congress enact legislation establishing a National Commission on Product Safety to insure prompt study of these questions by America's outstanding experts.

The entire Nation would look forward to a full report from the Commission, including proposals to establish uniform, comprehensive and effective safeguards in the area of household products.

Strengthening the Flammable Fabrics Act—There is one gap, however, in existing legislation which is so glaring that action should not be delayed. The Flammable Fabrics Act of 1953 has done much to keep extremely flammable clothing out of the Nation's stores.

But the standard of flammability established under that Act is deficient. The Act does not cover many articles of clothing which can be consumed by fire almost instantaneously. It is narrowly restricted to certain wearing apparel. It does not extend to such every day items as baby blankets, draperies, carpets and upholstery fabrics.

I recommend legislation to broaden and strengthen the Flammable Fabrics Act to close these gaps in the law.

Fire Safety Act—The strengthening of the Flammable Fabrics Act should be one early step in a major national effort to reduce our shameful loss of life and property resulting from fires. In 1965, some 12,000 lives and $1.75 billion worth of property were lost to fire. Our per capita death rate through fire was about four times as great as that of the United Kingdom and over six times as great as that of Japan. We can do better, and we must.

We must begin by developing improved information about the number and causes of fires and their costs in terms of property, lives and injuries.

The Federal Government must also begin to support and supplement private research efforts on fire-fighting and fire prevention. It should work to expand public education about fire prevention. It should extend a helping hand to communities willing to innovate and experiment in the field of fire control and prevention.

I recommend the Fire Safety Act of 1967.

This Act will authorize and support the:

- Collection, analysis, and dissemination of comprehensive, detailed fire information.
- Initiation of a fire safety research program.
- Improved education for those who prevent and control fire.
- Educational programs to inform the public of its opportunities and responsibilities for fire prevention.
- Pilot projects to improve and upgrade the efficiency of fire-fighting professionals and to promote more effective application of fire safety principles in construction.

INCREASED ELECTRIC POWER RELIABILITY

The electric power industry, consisting of over 3,000 separately-owned systems —public, private, and cooperative—supplies a great and growing share of America's energy requirements. Electric power consumption in this country doubles every decade.

Electricity has helped to fulfill the promise of modern America. The electric power industry has provided this Nation with the most dependable and widespread electric service enjoyed by any people. Utilities have joined together to create systems that span thousands of miles and operate at efficient and economical extra high voltages.

We have become almost totally reliant on electric power and on the systems that carry it to our homes, offices, factories and farms. The Northeast blackout in November 1965—affecting 30 million people in 6 States and Canada—was a spectacular reminder of how vital an uninterrupted flow of electric power is to our safety, defense, health and convenience. Subsequent power failures of lesser magnitude elsewhere in the country have intensified the concern of every citizen. The Nation's dependence on electric power requires further efforts to assure that service becomes even more reliable in the future.

Government and industry experts are now completing their assessment of the lessons of the Northeast power blackout. It is becoming increasingly clear that greater coordination is needed among the various utilities to reap the benefits of reliability and economy inherent in huge generating units and extra high voltage transmission lines.

It is also becoming evident that power systems must be carefully planned, coordinated, and strengthened to protect the consumer against cascading power failures. Much of this effort is already being voluntarily undertaken by America's great electric power industry. For example, in recognition of the importance of coordination 23 utilities in an eight-state area recently announced the formation of a regional council.

But more must be done. The final report of the Federal Power Commission on the Northeast blackout is now being completed. Recommendations for legislation will be carefully reviewed by the Executive Branch.

On the basis of this report and our review we shall recommend legislation to strengthen coordination among the electric power utilities. This coordination will promote the growth of an electric power supply system to provide an even higher quality of electric service to the American consumer.

NATURAL GAS PIPELINE SAFETY

Nearly 800,000 miles of pipeline reach out across the continent, linking the Nation's natural gas producing fields to the consumer. This gas brings heat and convenience to millions of American homes. It is used increasingly in industrial processes.

The safe transmission and distribution of natural gas is essential to all of us.

The natural gas industry is among the most safety conscious in the nation. But natural gas is inherently dangerous when it is being transmitted. It travels through pipelines at enormous pressures. It is highly inflammable. When it burns, it can reach temperatures as high as 2500° Fahrenheit. In March 1965, a tragic pipeline failure near Natchitoches, Louisiana, killed 17 persons. The recent blaze in Jamaica, New York, dramatically underscored how serious a gas pipeline failure can be.

As pipelines age and as more and more the system lies under areas of high population density, the hazards of pipeline failures—and explosions—increase. Yet:

- 22 States have no safety regulations.
- Many of the remaining 28 States have weak or outmoded provisions.
- Although the gas industry has developed safety standards, they are not binding and in some instances not adequate.
- There is no Federal jurisdiction whatsoever over 80 percent of the Nation's gas pipeline mileage and no clear authority to set minimum safety standards for the remaining 20 percent.

With the creation of the Department of Transportation, one agency now has responsibility for Federal safety regulation of air, water and land transportation, and oil pipelines. It is time to complete this comprehensive system of safety by giving the Secretary of Transportation authority to prescribe minimum safety standards for the movement of natural gas by pipeline.

I recommend the Natural Gas Pipeline Safety Act of 1967.

Under the Act, the Secretary of Transportation will develop minimum safety standards in consultation with the industry, the States, the Federal Power Commission and other government agencies.

These standards will cover the design, installation, operation, and maintenance of existing and proposed pipeline facilities, both interstate and intrastate, when the facilities are involved in the gathering, transmission or distribution of natural gas moving in interstate commerce. I am confident that the public can expect the full support of the industry for strengthened safety standards.

The Secretary of Transportation will also be given authority to investigate and determine the cause of accidents involving gas pipelines.

If we act now—in the public interest —we can reduce significantly the possibility of tragedy later on.

TO PROTECT THE AMERICAN CONSUMER

In this, my third message to the Congress on advancing the consumer interest, I speak in behalf of 200 million Americans.

I have set forth a series of demanding legislative proposals. They will require careful and deliberate consideration by the Congress and diligent efforts by the Executive Branch once they are enacted.

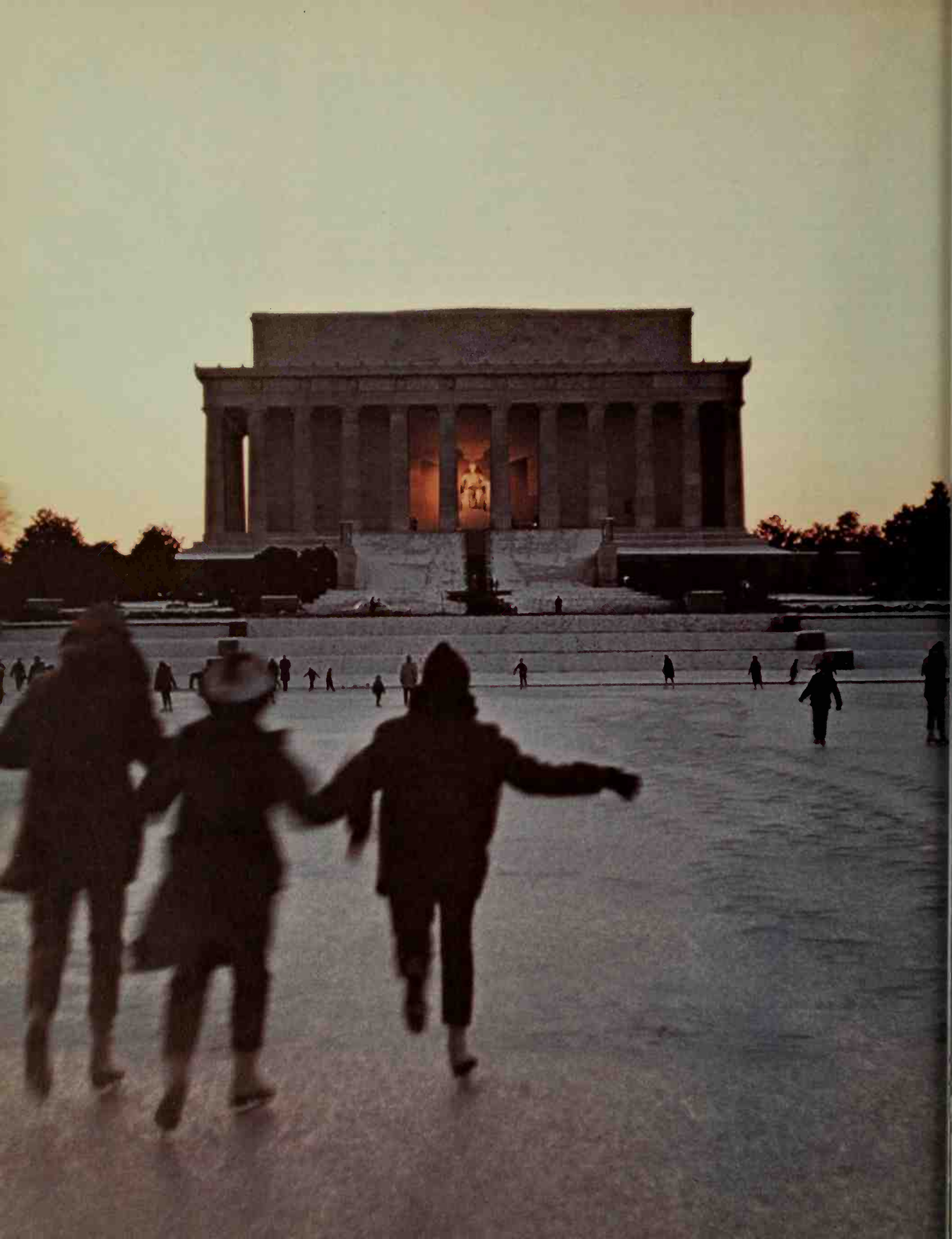
The cost to taxpayers of carrying out these proposals is very small. The savings to them as consumers will be great —in dollars, in safety and in peace of mind.

These proposals call for the united support of business, labor and consumers.

Their purpose is to provide the greatest good for the greatest number.

They serve the objectives I set forth six years ago, almost to the day, before the National Industrial Conference Board:

> "This Administration seeks no cold wars with — or among — those it serves; not with business or labor, nor among producer and consumer. . . . With all—and among all—we seek warm and respectful alliances, so that in common purpose and joint effort we may assure success for freedom's cause."



THE PRIDE OF THE PEOPLE

Message on the Nation's Capital, February 27, 1967

To the Congress of the United States:

Our goal for the Nation's Capital is a city of which all Americans can be proud.

As I said two years ago, this city and its government must be, for its residents and the entire world, "a living expression of the highest ideals of democratic government." It should be a city of beauty and inspiration, of equal justice and opportunity. It should be a model for every American city, large and small. It should be a city in which our citizens and our friends from abroad can live and work, visit our great National monuments, and enjoy our parks and walk our streets without fear.

The District of Columbia is the Nation's ninth largest city. It is the center of the fastest growing metropolitan area in the country, with a population today of 2.5 million. As such, its citizens have all the problems—and are entitled to all the rights—of the citizens of any large city in this country.

The District of Columbia is also the capital of our Nation, and the seat of every major agency of the Federal Government. As such, there is a significant Federal interest in the affairs of this city.

Since I have been President, I have addressed myself to the difficult problem of balancing the interest of the residents of the District as citizens of a large city with that of the National government as representative of the people of the entire country.

ACTIONS OF THE CONGRESS

The actions of the 89th Congress demonstrate that it shares my concern that both these interests be fairly served. While the 89th Congress did not move forward in every field as many of us would have preferred, its accomplishments do illustrate our mutual interest in making the District of Columbia a place in which we can all take pride:

- A new four-year college and a technical institute were authorized to bring better education and training to our young.
- A mass transit system was authorized to serve the city and its suburbs and an interstate agency was created to plan and build the system.
- A comprehensive minimum wage law was enacted.
- Urban renewal was started for the commercial area in the heart of the city.
- Two new Museums, the Hirshhorn and the Air and Space, were authorized.
- A Commission to plan a Visitor's Center was established.

These actions are an important, and a very historic beginning.

The District's programs for housing, education, health, welfare and recreation must be expanded and improved. Its war against crime must be sharply stepped up.

The 1968 Budget for the District calls for increased efforts in each of these areas. The Budget would finance long-delayed school construction projects. It would provide the personnel and equipment needed to enhance the quality of education. It would provide resources vitally needed by the police and it would enable us to combat crime at its source with improved housing, education, training, health and rehabilitation services.

But prompt action on the 1968 Budget alone is not enough.

The citizens of the District are entitled to:

- Elect the government which serves them.

"Mayor" Washington of Washington, D.C. confers with the President.

- Efficient and effective government machinery.
- Representation in the Congress of the United States.
- Streets and homes that are free from crime and the fear of crime.

The citizens of our Nation, as well as those of the District, are entitled to a Capital that is:

- Inspiring, dignified and beautiful.
- A place where the great scholars of the Nation and the world can come to work, study and learn.
- A hospitable location for the scores of foreign governments which are represented here.
- Accessible by transportation convenient to all who visit here.

A BETTER GOVERNMENT FOR THE DISTRICT OF COLUMBIA

The District of Columbia, as a major American city and the center of a large metropolitan area, faces all the problems of explosive urbanization—a rising crime rate, traffic congestion and parking shortages, decaying buildings and homes and inadequate health and education services. To meet these needs, the District must have the most responsive and efficient government we are capable of providing.

I recommend a three-point program to bring new vitality and strength to the District's Government:

- Home rule.
- Reorganization and strengthening of the District Government.
- Representation in the Congress.

Home Rule—To provide a system of government appropriate for the people who live here and worthy of our heritage, the residents of the District of Columbia must be given a voice in the selection of their local officials.

The citizens of the District today have no voice in the government of their city. Despite the principle so long cherished in this country, they are taxed without representation. They are asked to assume the responsibilities of citizenship and at the same time denied one of its most fundamental rights.

This continuing denial of democracy is an affront to our traditions and to the citizens who make the District their home.

The need for home rule stems from practical considerations as well. Management of any large metropolitan center, in this era of rapid technological and social change, must be promptly responsive to new demands and new conditions. The Congress, preoccupied as it should be with the problems of this great Nation, cannot be expected to provide the day-to-day management that should be provided by locally elected officials. The 535 Members of Congress should not be expected to serve as city councilmen for the City of Washington.

The bill to provide self-government for the District, which I transmitted to the 89th Congress, was designed to afford local citizens a full voice in their affairs and at the same time provide adequate safeguards for the legitimate interest of the Federal Government in our Nation's Capital. The Senate passed that bill. While the House of Representatives did not pass the bill I submitted, a majority of its members clearly went on record in support of the principle of home rule.

I again endorse the home rule bill.

As I said in my Message on the District of Columbia Budget, "I believe that the last Congress should have granted home rule to the citizens of the District, and I urge the present Congress to give them home rule."

Reorganization of the District Government—Improvements in District Government need not await the passage of home rule legislation. Interim action under the Reorganization Act can bring urgently needed improvements to make the present unwieldy structure into an efficient and effective instrument of municipal government.

I will shortly transmit to the Congress a reorganization proposal to strengthen and modernize the Government of the District of Columbia.

The present District Government organization was established almost a century ago. The District was then a community of 150,000 people. Less than 500 persons were employed by its government.

Today the District has 800,000 residents. Its government employs some 30,000 people. Its 1968 Budget is more than half a billion dollars. This major metropolis cannot be properly governed with the cumbersome machinery of an archaic and obsolete structure.

The District is entitled to have the best and most efficient municipal government we can provide. The Nation's Capital should lead the country in applying the techniques of modern management to the organization and administration of its programs.

The reorganization plan I propose would create a mayor-council form of government—the form which has been found most successful in the Nation's 27 largest cities.

Under the reorganization plan, the President, subject to Senate confirmation, would appoint from among District residents a single Commissioner as chief executive and a Council of nine members.

The single Commissioner would serve at the pleasure of the President. Council members would serve two-year terms, five to be appointed one year and four the next. The staggered terms would insure continuity of experience on the Council.

The powers and responsibilities which the three-man Board of Commissioners presently have would be apportioned between the single Commissioner and the Council. The Commissioner would be assigned the executive functions now vested in the Board of Commissioners. Like most mayors, he would be given responsibility and authority to organize and manage the District Government, to administer its programs and to prepare its Budget of revenues and expenses.

The Council would be responsible primarily for making local rules and regulations—the District's city ordinances This would include the quasi-legislative functions which are now performed by the Board of Commissioners, such as licensing rules, the issuance of police regulations and the establishment of rates for property taxation. It would also review and approve the Commissioner's budget for submission to the President.

This reorganization would unify executive and administrative authority in a single Commissioner. While the District has been fortunate in the caliber and dedication of men who have become Commissioners, divided executive authority cannot provide effective management for the municipal affairs of a city of almost one million people.

The Capital City of this Nation can no longer afford government by three heads—each wearing several hats. To achieve their maximum potential, District programs—and Federally-assisted programs in the District—require clear-cut executive authority and flexible government machinery at the local level—not divided authority which too often produces prolonged negotiations and inaction. A single executive can bring effective management, direction and control to the task of meeting increasingly complex needs.

But reorganization alone will not assure the Nation's Capital the best municipal government. The District must also be able to attract and hold top men in the widely varying fields required for effective city government.

I recommend legislation to give the District Government an ample quota of its own top executive—level positions—supergrades and Levels IV and V. The District Government must be able to offer attractive salaries and opportunities for career advancement if it is to draw the caliber of person which the government of the Nation's Capital deserves.

As these fundamental changes are made, it will be possible to effect further improvements, both in the structure of the District Government and in its relationship to other agencies serving the Nation's Capital.

These proposals in no way substitute for home rule. The single Commissioner and the nine-man Council will give the District a better organized and more efficient government, but they will have no functions beyond those the three Commissioners now possess. The new structure will make the transition to self-government easier, but only home rule will provide the District with a democratic government—of, by and for its citizens.

Representation in the Congress—A proper complement to locally elected District officials is locally elected voting representation in the Congress.

I recommend that the Constitution be amended to authorize one representative for the District of Columbia in the House and such additional representation in the House and the Senate as the Congress may from time to time provide.

Upon ratification, this would give the District of Columbia at least one sure voice—the minimum possible voting representation—in the Congress. At the same time, it would provide, through the Congress, the ability to adjust the representation for the District as population increases and as other changes make such adjustments appropriate and fair.

Ratification by the States and enactment of the necessary implementing legislation will take some time. But District citizens should not be left completely without a voice in the Congress during this vital interim period. They are entitled to some representation in the Congress now.

I recommend legislation to permit the citizens of the District to elect a non-voting delegate to the House of Representatives. Such a delegate would be comparable to the delegates who formerly represented Hawaii and Alaska and to the present Resident Commissioner for the Commonwealth of Puerto Rico.

A delegate from the District in the House of Representatives would be of benefit to both the Congress and the District in providing a more adequate line of communication on District matters. A collateral benefit would be the opportunity for District citizens, through the experience of biennial elections, to develop additional local leadership and more effective political organizations responsive to the citizens who live here.

THE WAR ON CRIME

In my Message to the Congress on Crime in America, I said:

> "Lawlessness is like a plague. Its costs, whether economic, physical or psychological, are spread through every alley and every street in every neighborhood. It creates a climate in which people make choices, not out of confidence, but out of fear."

That plague has struck our Nation's Capital. But, as I said in that same message:

> "We can control crime if we will. We must act boldly, now, to treat ancient evils and to insure the public safety."

In my 1965 Message on the District of Columbia, I announced the establishment of the Commission on Crime in the District of Columbia and asked for:

- Additional policemen.
- Special incentives to attract and hold first-rate policemen.
- Improvements in our courts to handle the growing criminal case load.
- New correctional techniques to break the cycle of crime, prison, release and crime.

The Congress responded and in the past two years there have been significant advances. Working together, we have increased police salaries, authorized overtime compensation for police officers, provided additional judgeships in the Court of General Sessions, established a work-release program for misdemeanor offenders and created the District of Columbia Bail Agency.

Through the Law Enforcement Assistance Act, the Department of Justice has provided funds to support:

- Development of a model police radio communications system.
- A police planning bureau.
- An in-service police training program for all staff levels.
- A computerized law enforcement information system for the metropolitan area.
- Additional mobile units.

The District of Columbia Commissioners have issued orders reorganizing the Police Department and the Department of Corrections to increase their efficiency and effectiveness.

These are significant steps forward. But more—much more—remains to be done.

In December 1966, the President's Commission on Crime in the District of Columbia submitted a comprehensive report on the nature and extent of the District's crime problem and on the quality of the District's response to it. The report assembled facts, carefully explored alternatives and presented a broad and practical program for action.

The Crime Commission reported that since 1960:

- The rate of homicides and housebreakings in the District has doubled.
- The rate of robberies and auto thefts has almost tripled.
- The rate of grand larcenies has increased by more than 50 percent.

The Commission's report emphasizes that any meaningful attack on crime involves comprehensive and persistent action over a period of several years. The report makes the priorities clear. We must:

- Develop new programs to deal with juvenile delinquency.
- Develop and use the most effective law enforcement machinery available.
- Strengthen our courts and prosecutors so that persons charged with crime can be tried quickly and fairly.
- Guarantee that our rehabilitative efforts reflect the wisest experience in the field of corrections, so that we can break the vicious cycle of crime, prison and more crime.
- Develop an information and evaluation system which permits rapid appraisal of our efforts to control crime.

Measured against the demands of these goals, piecemeal efforts will not suffice. Crime will not be controlled by strengthening just one or two agencies in the field. All parts of the government with law enforcement and criminal justice responsibilities must be strengthened. Private citizens must participate at every level—from support for the police and promptly reporting crimes, to testifying in court and employing good risk offenders.

THE COMMITMENT

Crime in the sixties and seventies can no more be fought with inadequate budgets and obsolete tools than with words of public indignation. The District of Columbia needs financial resources to provide the manpower, training, new facilities and equipment and information systems—to prevent crime before it occurs, to process offenders swiftly and to develop programs which prevent repetition of crime by offenders and return them to useful lives.

Equally important, the police and government officials of the District need the personal support of every citizen who lives here and of the Congress. So long as I am President, I will take every step necessary to control crime in the District and to make it a community of safe streets and homes, free from crime and the fear of crime.

My Message on the District's Budget described some of the efforts we must make:

- A further increase in police salaries.
- Additional funds to improve police planning, communications and transportation.
- More police officers, particularly sergeants, to improve supervision.
- Additional funds for our efforts to curb juvenile delinquency.
- Expanded assistance for the planning, construction and modernization of our courts and correctional facilities.

To support these efforts, I am requesting $11.6 million—a 20% increase—in the fiscal 1968 appropriations for the District police, courts and correctional activities. I urge the Congress to act promptly on this vital request.

LAW ENFORCEMENT

Action on the District's Budget alone is not enough. Our laws—and the weapons of those who enforce our laws—must be strengthened. I propose a ten-point program to achieve this objective.

1. Gun Control—Pistols are relatively easy to *purchase* in the District of Columbia. As the Crime Commission found, "almost anyone who is willing to fill out a form and wait for 48 hours can buy a handgun." The only persons who may not purchase handguns are minors, the mentally ill, drug addicts and convicted felons. It makes no difference whether the individual has any need to purchase a pistol. Pistols may also be purchased by mail without restriction.

Any person who is not a felon or drug addict may *possess* a pistol in the District. It makes no difference whether he is mentally ill, a minor or a chronic alcoholic, whether the weapon was obtained legally or illegally or whether there is any need for possession of the weapon.

Between July 1, 1965, and June 30, 1966, 1,850 major crimes were committed in the District of Columbia with pistols:

- 73 homicides.
- 640 assaults.
- 1,137 robberies and attempted robberies.

No civilized community in the Twentieth Century should permit a situation such as this to exist. Experience in cities that regulate the purchase and possession of handguns and the studies of the Crime Commission clearly show that strict controls can strengthen our efforts to reduce violent crimes. Such controls cannot eliminate the danger of violence in our society. But they can help keep lethal weapons out of dangerous and irresponsible hands.

As the District Crime Commission emphasized, New York City, with the most stringent pistol control law in the country, has many crimes committed with handguns, but the relative number of such crimes is significantly less than in the District.

The District had a handgun murder rate of 9.1 per 100,000 of population in fiscal 1966. New York City had a rate of

NORTHWEST SETTLEMENT
HOUSE
RECREATION AREA

only 1.7. The handgun assault rate was 79.8 in the District, but only 20.0 in New York. The handgun robbery rate was 141.7 in the District, but only 45.4 in New York.

I recommend legislation to:

- Prohibit possession of firearms by minors, chronic alcoholics and the mentally ill, as well as felons and drug addicts who are covered by existing law.
- Prohibit purchase of firearms by chronic alcoholics, as well as minors, the mentally ill, felons and drug addicts who are now covered.
- Require that any person desiring to purchase, possess or carry a pistol in public obtain a license which will be granted only if he can show that he needs the weapon to protect his person or property.
- Prohibit anyone from carrying rifles and shotguns in public, unless unloaded and properly encased.
- Authorize the Courts to impose increased penalties where a firearm is used in the commission of a robbery.

2. Power to Arrest without a Warrant—At present District police officers are authorized to arrest without a warrant only when they have reason to believe that the person has committed an armed robbery, murder or some other felony, or one of a limited number of misdemeanors, such as possession of narcotics, or carrying a concealed weapon. The police today may not arrest a person whom they believe has committed other serious offenses, such as an assault or unlawful entry, without first obtaining a warrant for his arrest.

I recommend legislation to extend the authority of police to arrest without a warrant to additional serious offenses, such as assault, unlawful entry and attempted housebreaking. This will allow the police to respond more quickly and effectively to criminal acts threatening serious harm to our citizens.

3. Witnesses—Of vital importance to crime control and any criminal prosecution is the availability of witnesses and their freedom from threats and intimidation.

Existing laws provide ample protection against intimidation of witnesses—but only after charges have been filed. It is not a crime to bribe or threaten persons with vital information before charges have been filed.

I recommend that the obstruction of justice statute be extended to cover interference with criminal investigations before charges have been filed.

In addition, the power of police to take custody of material witnesses at the scene of a crime must be clarified.

I recommend that the police of the District of Columbia be given authority to take custody of a material witness whenever there is reason to believe that he will not be available to testify in court. After the witness has been taken into custody, he would be promptly brought before a judicial officer who could either set conditions upon his release to insure reappearance or make arrangements for taking his deposition prior to release.

4. Citations before and after Arrest for Certain Offenses—District police today spend enormous amounts of time guarding and transporting persons arrested for minor offenses. Even where the offense is minor and identity of the offender clear, the police must in each case arrest the offender and take him to the station house before he can be released with orders to reappear for trial or a hearing to determine whether a trial should be held. This must be done even if the offense involves nothing more than annoying a neighbor or refusing to move on when asked by some local official. This results in an inexcusable waste of police time and energy and often prevents the police from fulfilling more important duties.

New York, California and several other States have resolved this problem by authorizing the police to issue citations to persons they consider reliable to require a subsequence appearance in court or at the police station.

I recommend legislation to give the police discretion to issue citations for certain minor offenses requiring subsequent appearance by the suspect.

Under this proposal, the Court of General Sessions would determine the types of offenses which would fall within this procedure. The proposal would enable the police to release reliable persons at the place of arrest or the station house, thus conserving valuable police time for more important crime detection and protection duties.

5. Bail Supervision—Much can—and should—be done to improve our bail practices.

We are now making every effort to speed up the judicial process, to shorten the periods between arrest and trial and between conviction and appeal. This would limit the period during which the suspect is at large pending trial or appeal.

In addition, we must minimize the risk to society created by releasing persons before their trial.

I recommend legislation to permit the Department of Corrections to supervise persons released pending trial. This legislation would make possible more careful supervision of persons released on bail and would help the released person obtain needed counseling and assistance.

6. Procedures upon Plea of Insanity—Existing procedures governing the defense of insanity contribute neither to judicial efficiency nor to protection of the rights of criminal defendants. A criminal defendant need not notify the prosecution or the court that he intends to raise the defense of insanity. He can wait until the prosecution has completed the presentation of its case and then submit this complex defense.

As a result the prosecutor must either make extensive and costly preparations which may not be necessary or enter the trial unprepared to deal with the issue. If the prosecution is not prepared and insanity is raised, a delay in the trial is unavoidable. But even where the trial is delayed, the Government may not have sufficient time to prepare its case properly.

I recommend that counsel for a defendant who proposes to plead insanity be required to give advance notice to the prosecution.

This would protect the public against needless expense, where insanity is not in issue. It would protect the courts, the prosecution and the defendant against needless delay, where insanity is unexpectedly raised.

7. Civil Commitment for Narcotics Offenses—Last year I proposed the Narcotic Addict Rehabilitation Act to permit civil commitment of certain narcotic addicts. As I said at that time:

> "Our continued insistence on treating drug addicts, once apprehended, as criminals is neither humane nor effective. It has neither curtailed nor prevented crime."

I now recommend legislation to broaden the Act's applicability in the District of Columbia.

Full criminal sanctions must be retained against the pushers who peddle narcotics—those who corrupt our children and destroy the lives of the young on whom they prey. But we must begin to provide treatment for those who are addicted to drugs. We must attempt "to eliminate the hunger for drugs that leads so many into lives of crime and degradation."

8. Alcoholic Offenses—In fiscal 1965 there were 44,000 arrests for intoxication in the District of Columbia. This represents 50% of all non-traffic arrests. A few of these arrests were accompanied by assaults or other serious offenses. Most, however, involved nothing more than intoxication—and often just the intoxication of a chronic alcoholic.

This represents a tremendous waste of resources—police, courts and prisons. Alcoholism, as both the National and District Crime Commissions pointed out, is not a criminal problem. It is a health problem. Alcoholics should not be arrested. They should be treated.

I recommend that the laws of the District be clarified so that police and Health Department personnel can take intoxicated persons not to a jail, but to a medical facility where they can receive proper treatment. Intoxication would be a criminal offense only when accompanied by conduct which endangers other persons or property.

9. Criminal Law and Procedure—The criminal code of the District needs complete modernization and revision. It was last codified three-quarters of a century ago. The District Crime Commission cites many examples of vague, confusing, archaic and conflicting provisions of substance and procedure. The District should have a coherent and con-

sistent framework for the arrest and punishment of offenders and the control of crime.

I recommend the establishment of a Commission on Reform of Criminal Laws of the District of Columbia to review, modernize and clarify the District's criminal code. The eleven-man Commission would be composed of representatives from the House and Senate, from the Courts of the District and from the public at large.

10. Criminal Statistics — The District must have a reliable means of discovering the effectiveness of its efforts to control crime. The report of the Crime Commission points out substantial gaps in the criminal information system. Police, courts, and correctional and juvenile institutions maintain separate and uncoordinated records, often creating conflicts in statistics and leaving the community without a comprehensive view of its criminal process. More significant, the policy makers in the District and the senior police officials lack the information essential to evaluate new and lasting crime control programs.

I have asked the District Commissioners to create a Bureau of Criminal Statistics. The Bureau would supply crime control agencies in the Distict with accurate data essential to their planning and evaluation functions and would end duplication of effort in data collection.

A Youth Opportunity showmobile brightens the endless summer on the streets.

JUVENILE DELINQUENCY

The District must be given the total resources necessary to mount an effective attack on crime. Its laws—and law enforcement officers—must be strengthened. But we must also improve our techniques for crime prevention, for processing offenders and for rehabilitating the convicted.

We must make additional efforts to stop crime where it most frequently begins—with the young offender:

- In the 16 years from 1950 to 1965, nearly one-third of the persons arrested in the District for serious crimes were under 18.
- In 1965 arrests of youth offenders under 18 for serious crimes increased by 53 percent over 1960; adult arrests decreased 11 percent during this same period.
- In 1965, children 15 years and younger accounted for 36 percent of all housebreaking arrests and 27 percent of all robbery and auto theft arrests.
- In January 1967, there were more youth offenders referred to the Juvenile Court than in any prior month.

The Crime Commission's report stresses the need for improving our efforts to rehabilitate our young offenders and restore them to useful and productive lives. But as the Commission stated: "The most productive approach for both the potential offender and the community is to prevent delinquency before it begins."

It will be neither simple nor cheap to halt the growth of juvenile crime. But we must commit the necessary resources. I have recommended in the Budget urgently needed funds to strengthen and improve a variety of District programs—education, recreation, health and welfare, and the Juvenile Court.

I have requested funds for a major summer program which will provide recreation, training and employment for disadvantaged youth.

I have also asked for funds to expand the Roving Leader program which has had such marked success in dealing with gangs and delinquency-prone youth. These funds will permit the expansion of programs removing the causes of delinquency as well as the improvement of the various rehabilitative services afforded the youth in trouble.

Consistency in these efforts, coordination of present youth programs, public and private, and development of new prevention techniques are essential. The Crime Commission proposed that a Youth Services Office be established to carry out these responsibilities.

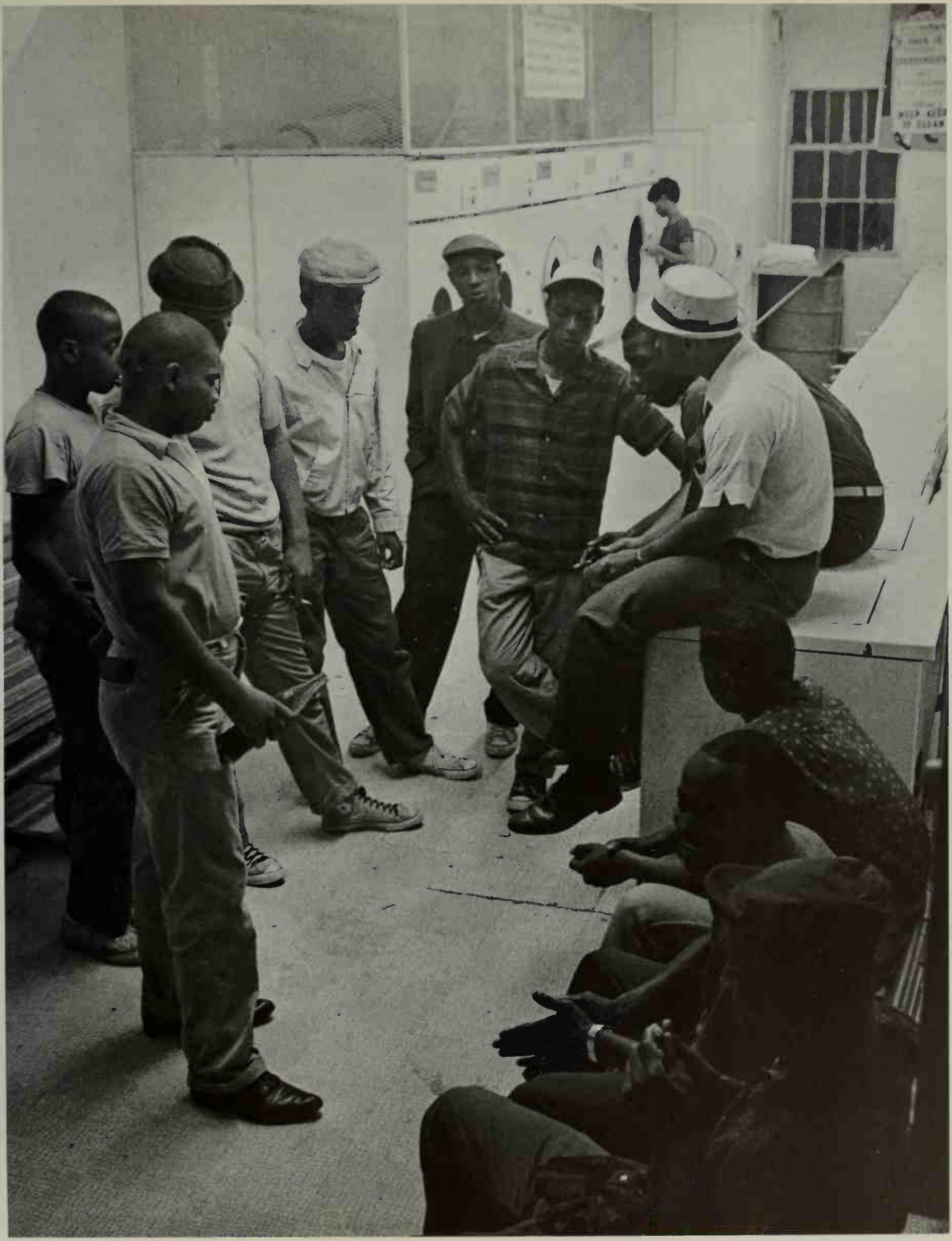
I recommend legislation to establish a District Youth Services Office to plan and direct all the services needed to combat juvenile delinquency.

This Office, recommended by the District Crime Commission, would encourage maximum efforts by public and private agencies, as well as by private individuals. It would make available through one source all the specialized services—counseling, remedial education, vocational training, employment assistance, and health and recreational services—needed by the young, their parents, school personnel and other persons working with the youth of the District. It would test new ways to prevent and control delinquency and to restore the troubled youth to a satisfying and productive life.

ADMINISTRATION OF JUSTICE

We must make improvements in the administration of justice in the District of Columbia.

The report of the Crime Commission's study of the District Courts is particu-



The Roving Leaders Program helps cool street gangs.

larly disturbing. The Commission points out that offenders are released and not tried—not from any deliberate policy of leniency or softness, but rather from the pressure of sheer numbers and impossible case loads.

- In fiscal 1966, the number of felony prosecutions was substantially less than it was 15 years ago—in the face of a substantial increase in the amount of crime and the number of arrests.
- In fiscal 1965, only 15 percent of the adult felony charges filed by the police resulted in felony prosecutions in the District Court.

An efficient police department is not enough. We must have a judicial system fully capable of dealing swiftly and fairly with persons arrested by the police.

The courts and the bar are already engaged in serious efforts to find solutions. The District Court and the Court of General Sessions have made significant strides in improving their procedures for handling criminal cases.

The Judicial Council of the District of Columbia Circuit is preparing recommendations on ways to handle the staggering—and increasing—case load of the Court of General Sessions, and to improve the processing of criminal cases in all of our courts. One promising method being explored is a program for round-the-clock processing of arrested persons and night sessions of court.

The Judicial Council is also at work on another recommendation of the Crime Commission—the proposal for a Family Court which would assume the responsibilities of the Juvenile Court, the Domestic Relations Branch of the Court of General Sessions, and the Mental Health Commission.

The need to find solutions remains urgent. I pledge the continuing cooperation and assistance of the Executive Branch to these efforts. I have asked the District Commissioners and the Acting Attorney General to review promptly any recommendations for improving the administration of justice in the District of Columbia made by the courts or the Judicial Council and to take appropriate action to implement them.

CORRECTIONS

We must make improvements in the rehabilitation of the convicted offender. The report of the Crime Commission makes clear that the problem which the District faces is not too much probation and parole.

The Crime Commission's report revealed that two-thirds of those convicted of felonies in the District have already served at least one prison term. In addition, the Commission found that more than one-half of the felony offenders were unemployed when they committed their most recent crime.

No matter how long the sentences, most prisoners will eventually be returned to the community. The quality of the help they receive in prison and after release in building new lives for themselves makes the critical difference.

The District's correctional system is in need of modern facilities, more specialized personnel to provide counseling and vocational training, "halfway" houses to provide support during the critical release period and community support to provide employment for persons with criminal records.

The Budget I have recommended to the Congress will permit the District to begin to overcome these deficiencies and to plan to meet the needs of the future. It will:

- Permit planning of a modern detention, diagnostic and treatment facility to replace the District Jail and the District Receiving Home.
- Allow closer supervision and improved counseling, training and employment services for prisoners before and after release.
- Provide greater services for youth offenders and an expanded work-training program to assist in the transition from jail to meaningful employment.

I strongly urge prompt and favorable action on these recommendations.

I also recommend that the Federal Prison Industries be authorized to manage and operate the industrial program of the District's correctional institutions. This agency, which has an enviable record of success in Federal prisons, will provide valuable assistance to the District in improving prison vocational training and employment opportunities.

* * *

This is the immediate battle plan in a total campaign to assure law and order for the District. Some parts require legislation. Some require funds. Some require improvements in procedures that courts, agencies and administrators can themselves put into effect. A failure on any front in this war weakens the efforts on all the others. Every course must be pursued. We must not fail.

I pledge myself—and I urge the Congress—to take every step which is necessary to ultimate success in our drive against crime. We must pursue every avenue and use every weapon which holds promise of advancing this effort. We will need the total commitment and cooperation of every man and woman in the District, if we are to have a city where civic order and social justice prevail.

As I said in my Message on Crime in America: "Public order is the first business of government."

THE DISTRICT AS THE CAPITAL

The District, as the Nation's Capital, must be able to serve the national purpose for which it was founded. Its great avenues must be preserved as a tribute to the past and an inspiration for the future. It should afford unparalleled opportunities for the great scholars of the country and the world. It must make every effort to meet the needs of emissaries from abroad. It must continually explore new ways to improve its overloaded transportation facilities.

Pennsylvania Avenue Commission—Pennsylvania Avenue, the District's most important thoroughfare, is the symbolic link between the White House and the Capitol. Throughout our history it has been the scene of ceremonies celebrating our triumphs and our tragedies.

Yet it has been allowed to wear down and become unworthy of its role. A temporary Commission created by Executive Order is now engaged in bringing to the avenue the dignity and grandeur which it should have.

I recommend that the Congress support these efforts by prompt approval of the bill establishing a statutory Commission on Pennsylvania Avenue.

Woodrow Wilson Center for Scholars—The Woodrow Wilson Memorial Commission, created by the Congress in 1961, recently recommended the establishment of a Center for Scholars at Market Square as a living memorial to that great President.

The proposal of the Woodrow Wilson Commission has much to commend it. Because of its broad educational aspects, I am appointing the Secretary of Health, Education and Welfare to the Temporary Commission on Pennsylvania Avenue. I am asking him, in consultation with the Commission, to conduct a study to develop a detailed proposal for the Center. When that study is completed, I will make further recommendations to the Congress.

It is my hope that the Center will serve as a place for bringing together scholars and students from other countries to increase understanding among peoples of the world, as well as an important educational institution.

International Center—For the District to serve its purpose as the Nation's Capital, it must provide for the representatives of foreign governments and international organizations. Increasingly, the unavailability of space for the legitimate needs of foreign governments is becoming a matter of concern.

Many new countries require but have been unable to secure adequate space for their chanceries. Many older countries which are seeking larger quarters are having similar difficulties. The problem has become an unnecessary irritant in our international relationships.

I recommend legislation which, consistent with the legitimate interests of District citizens, would specify an area northwest of Washington Circle to be available for foreign chanceries and the offices of international organizations. The bill would authorize the Federal Government to acquire land in this area for appropriate disposition, as the Secretary of State may determine, to foreign governments and international organizations.

Transportation Center—Last year, important decisions by the Congress and by local government agencies cleared the way for the development of highway and mass transit systems required to handle the growing transportation needs of the national capital region. Meanwhile, the National Capital Planning Commission is recommending that a major transportation center be developed in the vicinity of the Union Station, where railroads, mass transit and highways will come together.

I am asking the Planning Commission to take the lead, in cooperation with other agencies, to conduct a detailed study of this recommendation and to determine how such a center might be designed and brought into being. This study will be closely coordinated with the planning for the Visitor's Center which the Congress has already authorized.

CONCLUSION

It will not be easy to achieve our goal for the Nation's Capital—a city in which all Americans can take pride. The problems to which this message is primarily directed—better government and crime—will not be solved overnight. Dedicated and persistent efforts by private citizens, private organizations, private businesses and by the District and Federal Government will be required.

The task is difficult and success will take time. We must—and we will—succeed.

THE SPIRIT OF CREATIVE CHANGE

Message on Education and Health in America, February 28, 1967

To the Congress of the United States:

In Edmonds, Washington, three new evening classes today are helping 150 high school dropouts finish school and gain new job skills.

In Detroit, a month ago, 52,000 children were immunized against measles, during a campaign assisted by Federal funds.

In 25 States, Federal funds are helping improve medical care for 6.4 million citizens who get public assistance.

Over eight million poor children are now getting a better education because of funds provided under Title I of the Elementary and Secondary Education Act. Nineteen million older citizens enjoy the protection of Medicare.

Three years ago, not one of these programs existed.

Today, they are flourishing—because a concerned people and the creative 89th Congress acted. They are the result of 24 new health laws and 18 new education laws.

But even the best new programs are not enough.

Today, we face major challenges of organization and evaluation. If our new projects are to be effective, we must have the people to run them, and the facilities to support them. We must encourage States and localities to plan more effectively and comprehensively for their growing needs and to measure their progress towards meeting those needs.

Above all, each community, each State, must generate a spirit of creative change: a willingness to experiment.

In this, my fourth Message to Congress on Health and Education, I do not recommend more of the same—but more that is better: to solve old problems, to create new institutions, to fulfill the potential of each individual in our land.

Nothing is more fundamental to all we seek than our programs in health and education:

Education—because it not only overcomes ignorance, but arms the citizen against the other evils which afflict him.

Health—because disease is the cruelest enemy of individual promise and because medical progress makes less and less tolerable that illness still should blight so many lives.

EDUCATION

I believe that future historians, when they point to the extraordinary changes which have marked the 1960's, will identify a major movement forward in American education.

This movement, spurred by the laws of the last three years, seeks to provide equality of educational opportunity to all Americans—to give every child education of the highest quality, no matter how poor his family, how great his handicap, what color his skin, or where he lives.

We cannot yet fully measure the results of this great movement in American education. Our progress can be traced partially by listing some of the extraordinary bills I have signed into law:

- The Higher Education Act of 1965.
- The Elementary and Secondary Education Act of 1965.
- The Higher Education Facilities Act of 1963.
- The Vocational Education Act of 1963.

The scale of our efforts can be partially measured by the fact that today appropriations for the Office of Education are nearly seven times greater than four years ago. Today we can point to at least one million college students who might not be in college except for government loans, grants and work-study programs, and to more than 17,500 school districts helping disadvantaged children under the Elementary and Secondary Education Act.

This breakthrough is not the work of Washington alone. The ideas for these programs come from educational leaders all over the country. Many different communities must supply the energy to make these programs work. Yet they are national programs, shaped by national needs. Congress has played a vital role in reviewing these needs and setting these priorities.

The new Federal role in education is, in reality, a new alliance with America's States and local communities. In this alliance, the Federal Government continues to be a junior partner:

- Local school districts will submit, and State governments will approve, the plans for spending more than one billion dollars this year to improve the education of poor children.
- Federal funds for vocational education are administered through State plans controlled by State, not Federal, officials.
- The recommendations of the States have been sought and followed in more than 95 percent of the projects for centers and services which are funded by the U. S. Office of Education.

The education programs I recommend this year have three major aims:

- To strengthen the foundations we have laid in recent years, by revising, improving, and consolidating existing programs.
- To provide special help to those groups in our society with special needs: the poor, the handicapped, victims of discrimination or neglect.
- To build for the future by exploiting the new opportunities presented by science, technology and the world beyond our borders.

The budget proposals I am making for 1968 will carry forward our efforts at a new level. The total Federal dollar expenditures for educational purposes, including health training, which I have proposed for fiscal 1968 will amount to $11 billion—an increase of $1 billion, or 10 percent, over 1967 and $7 billion, or 175 percent, over 1963.

STRENGTHENING EDUCATION PROGRAMS

State and community education leaders have shouldered heavy new burdens as a result of recent increases in Federal programs. If these officials are to develop wise and long-range plans for education, they must have more help.

The Elementary and Secondary Education Act has provided funds to strengthen State departments of education. But additional funds are needed—money to improve community, State, and regional educational planning. Nothing can do more to ensure the effective use of Federal dollars.

I recommend legislation authorizing $15 million to help State and local governments evaluate their education programs and plan for the future.

A Better Education Timetable—One condition which severely hampers educational planning is the Congressional schedule for authorizations and appropriations. When Congress enacts and funds programs near the end of a session, the Nation's schools and colleges must plan their programs without knowing what Federal resources will be available to them to meet their needs. As so many Governors have said, the Federal legislative calendar often proves incompatible with the academic calendar.

I urge that the Congress enact education appropriations early enough to allow the Nation's schools and colleges to plan effectively. I have directed the Secretary of Health, Education, and Welfare to work with the Congress toward this end.

Another way to ease this problem is to seek the earliest practical renewal of authorization for major education measures.

I recommend that Congress this year extend three major education measures now scheduled to expire in June 1968:

- The National Defense Education Act of 1958.
- The Higher Education Act of 1965.
- The National Vocational Student Loan Insurance Act of 1965.

Improving Program Evaluation—Most of our education programs have been operating too short a time to provide conclusive judgments about their effectiveness. But we should be heartened by the evaluations so far.

Recently, the National Advisory Council on the Education of Disadvantaged Children reported:

> "The morale of teachers and administrators in schools with many poor children—their will to succeed and their belief in the possibility of succeeding—is perceptibly on the rise in many of the schools visited. More teachers than ever are involved in an active search for paths to success. The paths are not all clearly visible as yet, but decidedly the search has taken on a new vigor."

The Council did identify problems and weaknesses in the school districts. Our efforts to identify shortcomings and to assess our progress can never be fully effective until we provide sufficient resources for program evaluation.

I have requested $2.5 million to assure careful analysis of new programs so that we can provide a full accounting to the Congress and the American people of our successes and shortcomings.

The Education Professions Act of 1967—Our work to enrich education finds its focus in a single person: the classroom teacher, who inspires each student to achieve his best.

Next year, more than 170,000 new teachers will be needed to replace uncertified teachers, to fill vacancies and to meet rising student enrollments. Moreover:

- There are severe shortages of English, Mathematics, Science and elementary school teachers.
- More teachers are needed for our colleges and junior colleges.
- Well trained administrators at all levels are critically needed.
- New kinds of school personnel—such as teacher aides—are needed to help in the schools.
- By 1975, the Nation's schools will need nearly two million more new teachers.

To help meet this growing demand, the Federal Government has sponsored a number of programs to train and improve teachers.

These programs, though they have been effective, have been too fragmented to achieve their full potential and too limited to reach many essential sectors of the teaching profession. Teacher aides and school administrators have not been eligible to participate.

We must develop a broader approach to training for the education professions. At the State and local level, education authorities must have greater flexibility to plan for their educational manpower needs.

I recommend the Education Professions Act of 1967 to:

- Combine and expand many of the scattered statutory authorities for teacher training assistance.
- Provide new authority for the training of school administrators, teacher aides, and other education workers for schools and colleges.

Improving Student Loan Programs—In the Higher Education Act of 1965, Congress authorized a program to support State guarantees for student loans made by banks and other lending institutions. For students of modest means, the Federal Government also subsidizes the interest cost.

The program has become an example of creative cooperation between the Federal Government, the States, private financial institutions and the academic community.

Though it began in a time of tight credit, the program is off to a promising start. This year, it is expected that loans totalling $400 million will be made to nearly 480,000 students. By 1972, outstanding loans are expected to total $6.5 billion.

I have asked all of the government officials concerned with the program—the Secretary of Health, Education, and Welfare, the Secretary of the Treasury, the Director of the Budget, and the Chairman of the Council of Economic Advisors—to review its operations in consultation with State and private organizations concerned.

If administrative changes in the program are necessary, we will make them. If any amendments to the legislation are in order, we will submit appropriate recommendations to the Congress.

SPECIAL PROGRAMS FOR SPECIAL NEEDS

Educating Poor Children—Over the past two years, we have invested more than $2.6 billion in improving educational opportunities for more than 10 million poor children. This has been an ambitious venture, for no textbook offers precise methods for dealing with the disadvantaged. It has also been rewarding: we have generated new energy, gained new workers and developed new skills in our effort to help the least fortunate.

Dollars alone cannot do the job—but the job cannot be done without dollars.

So let us continue the programs we have begun under Head Start and the Elementary and Secondary Education Act.

Let us begin new efforts—like the Head Start Follow-Through program which can carry forward into the early grades the gains made under Head Start.

The Teacher Corps—Young as it is, the Teacher Corps has become a symbol of new hope for America's poor children and their parents—and for hard pressed school administrators.

More than 1,200 interns and veteran teachers have volunteered for demanding assignments in city and rural slums. Teacher Corps volunteers are at work in 275 schools throughout the country: helping children in 20 of our 25 largest cities, in Appalachia, in the Ozarks, in Spanish-speaking communities.

The impact of these specialists goes far beyond their number. For they represent an important idea: that the schools in our Nation's slums deserve a fair share of our Nation's best teachers.

Mayors and school officials across the country cite the competence, the energy, and the devotion which Teacher Corps members are bringing to these tasks.

Perhaps the best measure of the vitality of the Teacher Corps is the demand by school districts for volunteers and the number of young Americans who want to join. Requests from local schools exceed by far the number of volunteers we can now train. Ten times as many young Americans as we can presently accept—among them, some of our brightest college graduates—have applied for Teacher Corps service.

The Teacher Corps, which I recommended and which the 89th Congress established, deserves the strong support of the 90th Congress.

- I recommend that the Teacher Corps be expanded to a total of 5,500 volunteers by the school year beginning in September 1968.
- I propose amendments to enhance the role of the States in training and assigning Teacher Corps members.
- Finally, to finance next summer's training program, I strongly recommend early action on a supplemental appropriation request of $12.5 million for the Teacher Corps in fiscal year 1967.

Educating the Handicapped—One child in 10 in our country is afflicted with a handicap which, if left untreated, severely cripples his chance to become a productive adult.

In my Message on Children and Youth, I proposed measures to bring better health care to these children—the mentally retarded, the crippled, the chronically ill.

We must also give attention to their special educational needs. We must more precisely identify the techniques that will be effective in helping handicapped children to learn.

We need many more teachers who have the training essential to help these children. There are now only 70,000 specially trained teachers of the handicapped—a small fraction of the number the Nation requires. In the next decade, five times that number must be trained and put to work.

I recommend legislation to:

- Establish regional resource centers to identify the educational needs of handicapped children and help their parents and teachers meet those needs.
- Recruit more men and women for careers in educating the handicapped.
- Extend the service providing captioned films and other instructional materials for the deaf to all handicapped people.

Ending Discrimination—Giving every American an equal chance for education requires that we put an end once and for all to racial segregation in our schools.

In the Civil Rights Act of 1964, this Nation committed itself to eliminating segregation. Yet patterns of discrimination are still entrenched in many communities, North and South, East and West.

If equal opportunity is to be more than a slogan in our society, every State and community must be encouraged to face up to this legal and moral responsibility.

I have requested $30 million—nearly a four-fold increase over this year's appropriation—to provide the needed resources under Title IV of the Civil Rights Act to help States and communities face the problems of school desegregation.

Education for the World of Work—Three out of 10 students in America drop out before completing high school. Only two out of 10 of our Nation's young men and women receive college degrees.

Too few of these young people get the training and guidance they need to find good jobs.

I recommend legislation to aid secondary schools and colleges to develop new programs in vocational education, to make work part of the learning experience and to provide career-counseling for their students.

A number of our colleges have highly successful programs of cooperative education which permit students to vary periods of study with periods of employment. This is an important educational innovation that has demonstrated its effectiveness. It should be applied more widely in our schools and universities.

I recommend an amendment of the College Work-Study Program which will for the first time permit us to support cooperative education projects.

I am also requesting the Director of the Office of Economic Opportunity and the Secretary of Labor to use Neighborhood Youth Corps funds at the high school level for this purpose.

Combating Adult Illiteracy—At least three million adults in America cannot read or write. Another 13 million have less than an eighth grade education. Many of these citizens lack the basic learning to cope with the routine business of daily life.

This is a national tragedy and an economic loss for which each one of us must pay.

The Adult Education Act, enacted last year, is our pledge to help eliminate this needless loss of human talent.

This year, I am requesting $44 million —an increase of nearly 50 percent— for adult basic education programs.

These funds will help new projects, sponsored by both public agencies and non-profit private groups, to train volunteers for work in adult literacy programs and to establish neighborhood education programs reaching beyond the formal classroom.

BUILDING FOR TOMORROW

Public Television—In 1951, the Federal Communications Commission set aside the first 242 television channels for non-commercial broadcasting, declaring:

> "The public interest will be clearly served if these stations contribute significantly to the educational process of the Nation."

The first educational television station went on the air in May 1953. Today, there are 178 non-commercial television stations on the air or under construction. Since 1963 the Federal Government has provided $32 million under the Educational Television Facilities Act to help build towers, transmitters and other facilities. These funds have helped stations with an estimated potential audience of close to 150 million citizens.

Yet we have only begun to grasp the great promise of this medium, which, in the words of one critic, has the power to "arouse our dreams, satisfy our hunger for beauty, take us on journeys, enable us to participate in events, present great drama and music, explore the sea and the sky and the winds and the hills."

Non-commercial television can bring its audience the excitement of excellence in every field. I am convinced that a vital and self-sufficient non-commercial television system will not only instruct, but inspire and uplift our people.

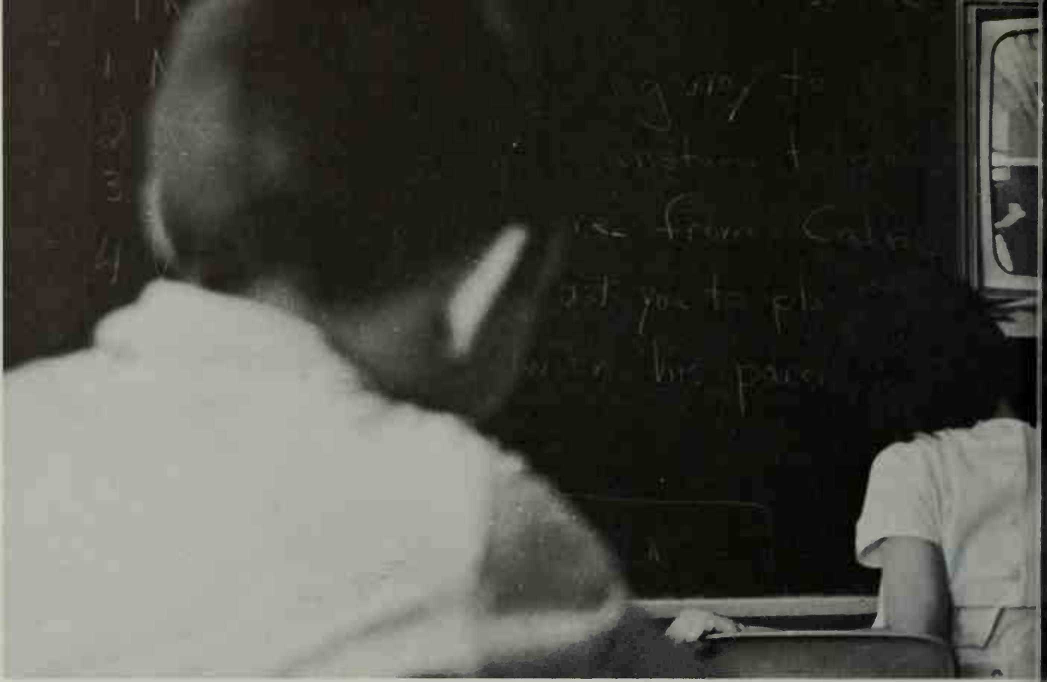
Practically all non-commercial stations have serious shortages of the facilities, equipment, money and staff they need to present programs of high quality. There are not enough stations. Interconnections between stations are inadequate and seldom permit the timely scheduling of current programs.

Non-commercial television today is reaching only a fraction of its potential audience—and achieving only a fraction of its potential worth.

Clearly, the time has come to build on the experience of the past 14 years, the important studies that have been made, and the beginnings we have made.

I recommend that Congress enact the Public Television Act of 1967 to:

- Increase Federal funds for television



and radio facility construction to $10.5 million in fiscal 1968, more than three times this year's appropriations.

- Create a Corporation for Public Television authorized to provide support to non-commercial television and radio.
- Provide $9 million in fiscal 1968 as initial funding for the Corporation.

Next year, after careful review, I will make further proposals for the Corporation's long-term financing.

Non-commercial television and radio in America, even though supported by Federal funds, must be absolutely free from any Federal Government interference over programming. As I said in the State of the Union Message, "we should insist that the public interest be fully served through the public's airwaves."

The board of directors of the Corporation for public television should include American leaders in education, communications and the creative arts. I recommend that the board be comprised of 15 members, appointed by the President and confirmed by the Senate.

The Corporation would provide support to establish production centers and to help local stations improve their proficiency. It would be authorized to accept funds from other sources, public and private.

The strength of public television should lie in its diversity. Every region and every community should be challenged to contribute its best.

Other opportunities for the Corporation exist to support vocational training for young people who desire careers in public television, to foster research and development, and to explore new ways to serve the viewing public.

One of the Corporation's first tasks should be to study the practicality and the economic advantages of using communication satellites to establish an educational television and radio network. To assist the Corporation, I am directing the Administrator of the National Aeronautics and Space Administration and the Secretary of Health, Education, and Welfare to conduct experiments on the requirements for such a system, and for instructional television, in cooperation with other interested agencies of the government and the private sector.

Formulation of long-range policies concerning the future of satellite communications requires the most detailed and comprehensive study by the Executive Branch and the Congress. I anticipate that the appropriate committees of Congress will hold hearings to consider these complex issues of public policy. The Executive Branch will carefully study these hearings as we shape our recommendations.

Instructional Television—*I recommend legislation to authorize the Secretary of Health, Education, and Welfare to launch a major study of the value and the promise of instructional television which is being used more and more widely in our classrooms, but whose potential has not been fully developed.*

Computers in Education—In my 1968 Budget, I propose that the National Science Foundation be given new resources to advance man's knowledge and serve the Nation. Its endeavors will help our scholars better to understand the at-

mosphere, exploit the ocean's riches, probe the behavior and the nature of man.

The Foundation will also step up its pioneer work to develop new teaching materials for our schools and colleges. The "new math" and the "new science" are only the first fruits of this innovative work.

One educational resource holds exciting promise for America's classrooms: the electronic computer. Computers are already at work in educational institutions, primarily to assist the most advanced research. The computer can serve other educational purposes—if we find ways to employ it effectively and economically and if we develop practical courses to teach students how to use it.

I have directed the National Science Foundation working with the U.S. Office of Education to establish an experimental program for developing the potential of computers in education.

Enriching the Arts and the Humanities—Our progress will not be limited to scientific advances. The National Foundation on the Arts and the Humanities, established in 1965, has already begun to bring new cultural and scholarly spirit to our schools and communities. State arts councils, museums, theaters, and orchestras have received not only new funds but new energy and enthusiasm through the National Endowment for the Arts.

The National Endowment for the Humanities has made grants to support new historical studies of our Nation's heritage, to encourage creative teaching in our colleges, to offer outstanding young scholars opportunities for advancement.

I recommend that Congress appropriate for the National Foundation on the Arts and Humanities $16 million—an increase of nearly one-third.

Higher Education for International Understanding—For many years, America's colleges and universities have prepared men and women for careers involving travel, trade and service abroad. Today, when our world responsibilities are greater than ever before, our domestic institutions of higher learning need more support for their programs of international studies.

The 89th Congress, in its closing days, passed the International Education Act—an historic measure recognizing this Nation's enduring belief that learning must transcend geographic boundaries. Through a program of grants under the Act, America's schools, colleges, and universities can add a world dimension to their students' learning experience.

I urge the Congress to approve promptly my forthcoming request for a supplemental appropriation of $350,000 for the International Education Act, to permit necessary planning for next year's program, as well as an appropriation of $20 million for fiscal 1968.

HEALTH

No great age of discovery in history can match our own time. Today, our wealth, our knowledge, our scientific genius give us the power to prolong man's life

New weapon in the war against disease:
radioisotope and gamma camera detect hidden tumors.

—and to prevent the erosion of life by illness.

In 1900, an American could expect to live only 49 years. Today, his life expectancy has been increased to 70 years.

These advances are the result of spectacular progress in research, in public health, in the medical arts. We have developed:

- Sufficient knowledge to end nearly all of the hazards of childbirth and pregnancy.
- Modern nutrition to wipe out such ailments as rickets, goiter, and pellagra.
- Vaccines, antibiotics and modern drugs to control many of the killers and cripplers of yesterday: polio, diphtheria, pneumonia.
- New medical and surgical techniques to combat cancer and cardiovascular disease.
- Life-saving devices: plastic heart valves, and artificial artery transplants.

In 1967, to pursue this vital work, the Federal Government is investing more than $440 million in the construction of health facilities, $620 million for health manpower education and training, $1.3 billion in biomedical research, $7.8 billion to provide medical care.

But each gain, each victory, should focus our attention more sharply on the unfinished business facing this Nation in the field of health:

- Infant mortality is far higher than it need be.
- Handicaps afflicting many children are discovered too late or left untreated.
- Grave deficiencies remain in health care for the poor, the handicapped and the chronically ill.
- American men between the ages of 45 and 54—which should be the most productive years of their lives—have a death rate twice that of men of the same age in a number of advanced countries.
- We still search in vain for ways to prevent and treat many forms of cancer.
- Many types of mental illness, retardation, arthritis and heart disease are still largely beyond our control.

Our national resources for health have grown, but our national aspirations have grown faster. Today we expect what yesterday we could not have envisioned —adequate medical care for every citizen.

My health proposals to the 90th Congress have four basic aims:

- To expand our knowledge of disease and our research and development of better ways to deliver health care to every American.
- To build our health resources, by stepped up training of health workers and by improved planning of health facilities.
- To remove barriers to good medical care for those who most need care.
- To strengthen our Partnership for Health by encouraging regional, State, and local efforts—public and private—to develop comprehensive programs serving all our citizens.

HEALTH RESEARCH AND DEVELOPMENT: FOUNDATION OF OUR EFFORTS

Supporting Biomedical Research—Our progress in health grows out of a research effort unparalleled anywhere in the world. The scientists of the National Institutes of Health have shaped an alliance throughout the Nation to find the causes and the cures of disease.

We must build on the strong base of past research achievements, exchange ideas with scholars and students from all parts of the world, and apply our knowledge more swiftly and effectively.

We must take advantage of our progress in targeted research as we have done in our vaccine development program, in the heart drug study, in artificial kidney and kidney transplant research, and in the treatment of specific types of cancer.

- In the 1968 Budget, I am recommending an increase of $65 million—to an

annual total of almost $1.5 billion—to support biomedical research.

- I am seeking funds to establish an International Center for Advanced Study in the Health Sciences and to provide scholarships and fellowships in the Center.

I am directing the Secretary of Health, Education, and Welfare to appoint immediately a lung cancer task force, to supplement the continuing work of existing task forces on leukemia, cancer chemotherapy, uterine cancer, solid tumor and breast cancer.

Health Services Research and Development—America's annual spending for health and medical care is more than $43 billion. But despite this investment, our system of providing health services is not operating as efficiently and effectively as it should.

- In some U.S. counties infant mortality rates, one yardstick of health care, are 300 percent higher than the National average.
- Seventy percent of automobile accident deaths occur in communities of less than 2,500 people, whose medical facilities are often poorest.
- Even though we have good techniques for detecting and curing cervical cancer, eight thousand women die each year for lack of proper care.
- Emergency rooms in U.S. hospitals are seriously overcrowded, not with actual emergency cases, but with people who cannot find normal outpatient care anywhere else.

Research and development could help eliminate these conditions by pointing the way to better delivery of health care. Yet the government-wide total investment in health service research amounts to less than one-tenth of one percent of our total annual investment in health care.

We have done very little to mobilize American universities, industry, private practitioners, and research institutions to seek new ways of providing medical services.

There have been few experiments in applying advanced methods—systems analysis and automation, for example—to problems of health care.

Our superior research techniques have brought us new knowledge in health and medicine. These same techniques must now be put to work in the effort to bring low cost, quality health care to our citizens.

We must marshal the Nation's best minds to:

- Design hospitals, nursing homes and group practice facilities which provide effective care with the most efficient use of funds and manpower.
- Develop new ways of assisting doctors to reach more people with good health services.
- Devise new patterns of health services.

To begin this effort, I have directed the Secretary of Health, Education, and Welfare to establish a National Center for Health Services Research and Development.

I recommend legislation to expand health services research and make possible the fullest use of Federal hospitals as research centers to improve health care.

I also recommend an appropriation of $20 million to the Department of Health, Education, and Welfare in 1968, for research and development in health services—nearly twice as much as in 1967.

DEVELOPING MANPOWER AND FACILITIES FOR HEALTH

Health Manpower—The United States is facing a serious shortage of health manpower. Within the next decade this Nation will need one million more health workers. If we are to meet this need, we must develop new skills and new types of health workers. We need short-term training programs for medical aides and other health workers; we need programs to develop physicians' assistants, and speed the training of health professions. We also need to make effective use of the thousands of medical corpsmen trained in the Armed Forces who return to civilian life each year.

Last May, I appointed a National Advisory Commission on Health Manpower to recommend how we can:

- Speed the education of doctors and other health personnel without sacrificing the quality of training.
- Improve the use of health manpower both in and outside the Government.

Meanwhile, I directed members of my Cabinet to intensify their efforts to relieve health manpower shortages through Federal programs. This week they reported to me that federally-supported programs in 1967 will train 224,000 health workers—an increase of nearly 100,000 over 1966. Thirty thousand previously-inactive nurses and technicians will be given refresher training this year.

Through the teamwork of Federal and State agencies, professional organizations and educational institutions, we have launched a major effort to provide facilities and teachers for this immense training mission.

To maintain this stepped-up training already started in fiscal year 1967, I am recommending expenditures of $763 million—a 22 percent increase for fiscal year 1968—to expand our health manpower resources.

Planning for Future Health Facilities—Over the past two decades, the Hill-Burton program has assisted more than 3,400 communities to build hospitals, nursing homes and other health care centers. Hill-Burton funds have helped to provide 350,000 hospital and nursing home beds, and to bring modern medical services to millions of Americans. The authorization for this program expires on June 30, 1969. The contribution of the Federal Government in financing construction of health facilities has changed, especially with the beginning of Medicare, Medicaid, and other new programs. It is timely, therefore, that we take a fresh look at this area.

I am appointing a National Advisory Commission on Health Facilities to study our needs for the total system of health facilities—hospitals, extended care facilities, nursing homes, long-term care institutions, and clinics. In addition to considering the future of the Hill-Burton program, the Commission will make recommendations for financing the construction and modernization of health facilities.

ELIMINATING BARRIERS TO HEALTH CARE

In previous messages to Congress this year, I have made recommendations to:

- Extend Medicare to 1.5 million seriously disabled Americans under age 65.
- Establish new health services through broader maternal and child health programs; a strengthened Crippled Children's program, and new projects in child health and dental care.
- Improve medical services for the needy under Medicaid.
- Combat mental retardation by supporting construction of university and community centers for the mentally retarded, and for the first time, helping to staff the community centers.
- Guarantee the safety of medical devices and laboratory tests by requiring Food and Drug Administration pre-clearance of devices, and by requiring licensing of clinical laboratories in interstate commerce.

We must act in other ways to overcome barriers to health care.

The Office of Economic Opportunity has developed a program of Neighborhood Health Centers which not only bring modern medical care to the poor but also train citizens for jobs in the health field.

Last year, Congress endorsed this new

approach and authorized funds for 24 such centers. More are needed.

I am requesting the Director of the Office of Economic Opportunity to encourage communities to establish additional centers. Our goal will be to double the number of centers in fiscal 1968.

In the past four years, we have launched a new program to attack mental illness through community mental health centers. This program is now well underway. More centers are needed, and we must strengthen and expand existing services.

I recommend legislation to extend and improve the Community Mental Health Centers Act.

Among the most tragically neglected of our citizens are those who are both deaf and blind. More than 3,000 Americans today face life unable to see and hear.

To help reach the deaf-blind with the best programs our experts can devise, I recommend legislation to establish a National Center for the Deaf and Blind.

Ending Hospital Discrimination—With the launching of the Medicare program last July, the Nation took a major step toward ending racial segregation in hospitals.

More than 95 percent of the Nation's hospitals have already complied with the anti-discrimination requirements of the Medicare legislation. They are guaranteeing that there will be no "second-class patients" in our health care institutions; that all citizens can enter the same door, enjoy the same facilities and the same quality of treatment.

We will continue to work for progress in this field—until equality of treatment is the rule not in some, but in all of our hospitals and other health facilities.

Rising Medical Costs—In 1950, the average cost per patient per day in a hospital was $14.40. In 1965, this cost more than tripled to over $45. Other health costs have also risen sharply in recent years.

Last August, I asked the Secretary of Health, Education, and Welfare to initiate a study of medical costs. This study, now completed, indicates that medical costs will almost certainly continue to rise. It emphasizes the absolute necessity of using medical resources more efficiently if we are to moderate this increase in the cost of health care.

This is a job for everyone who plays a part in providing or financing medical care—the medical profession, the hospital industry, insurance carriers, State and local governments and many other private and public groups. Federal programs must also play a role in promoting cost consciousness in medical care.

The new National Center for Health Services Research and Development will develop ways to make our medical systems more efficient. The Center's first assignment will be to develop new ways to improve the use of professional and auxiliary health workers—a key factor in reducing hospital costs.

We can take other steps.

I am directing Secretary John Gardner to convene at the Department of Health, Education, and Welfare a National Conference on Medical Costs.

This conference will bring together leaders of the medical community and members of the public to discuss how we can lower the costs of medical services without impairing the quality.

In the weeks and months ahead, the Secretary of Health, Education, and Welfare will consult with representatives of the medical profession, universities, business and labor to:

- Find practical incentives for the effective operation of hospitals and other health facilities.
- Reduce the costs of construction and speed the modernization of hospitals, nursing homes and extended care facilities.
- Support those innovations in medical education which will lead to better training programs and promote the efficient practice of medicine.

OUR PARTNERSHIP FOR HEALTH

The Partnership for Health legislation, enacted by the 89th Congress, is designed to strengthen State and local programs and to encourage broad gauge planning in health. It gives the States new flexibility to use Federal funds by freeing them from tightly compartmentalized grant programs. It also allows the States to attack special health problems which have special regional or local impact.

I recommend that Congress extend the Partnership for Health legislation for four years; provide supplemental appropriations for planning in fiscal 1967 and total appropriations of $161 million —an increase of $41 million—in fiscal 1968.

Our regional medical programs for heart disease, cancer, and stroke depend on a second partnership, involving doctors, medical schools, hospitals, and State and local health departments. These programs will bring to every citizen the fruits of our Nation's research into the killer diseases. They will also promote the continuing education of the Nation's doctors, nurses and other health workers.

To sustain these nationwide programs, I recommend an appropriation of $64 million for fiscal 1968—an increase of $19 million over 1967.

Occupational Health and Safety—Occupational health and safety is another area in which we need to strengthen our partnership with labor, industry, medicine and government.

In 1965, more than 14,000 job-connected deaths and 2 million disabling work injuries caused untold misery and privation to workers, 230 million lost man-days of production, and billions of dollars in lost income.

We must learn more about the nature of job-connected injuries, so we can set effective safety standards and develop better protective measures.

I am recommending in the 1968 Budget an appropriation for the Department of Health, Education, and Welfare of $8.1 million—a 25% increase over this year—to expand research and training programs in occupational health, and to strengthen State and local public health programs in this field.

I am directing the Secretary of Labor to improve and strengthen health protection and safety standards for workers through cooperative Federal-State programs.

TO FULFILL THE INDIVIDUAL

As a people, we have wanted many things, achieved many things. We have become the richest, the mightiest, the most productive nation in the world.

Yet a nation may accumulate dollars, grow in power, pile stone on stone—and still fall short of greatness. The measure of a people is not how much they achieve—but what they achieve.

Which of our pursuits is most worthy of our devotion? If we were required to choose, I believe we would place one item at the top of the list: fulfillment of the individual.

If that is what we seek, mere wealth and power cannot help us. We must also act—in definable and practical ways—to liberate each individual from conditions which stunt his growth, assault his dignity, diminish his spirit. Those enemies we know: ignorance, illness, want, squalor, tyranny, injustice.

To fulfill the individual—this is the purpose of my proposals. They present an opportunity—and an obligation—to the 90th Congress.

I hope and believe this Congress will live up to the high expectations of a progressive and humanitarian America.

FREEDOM'S GLORY - FREEDOM'S PRICE

Message on Selective Service, March 6, 1967

To the Congress of the United States:

THE BACKGROUND

The knowledge that military service must sometimes be borne by—and imposed on—free men so their freedom may be preserved is woven deeply into the fabric of the American experience.

Americans have been obliged to take up arms in the cause of liberty since our earliest days on these shores. From the militiaman who shouldered his musket to protect his community in the wilderness, to the young recruit of today who serves the common defense and then returns to civilian life, we have known the price of freedom as well as its glory.

In 1940, the mounting threat of Axis aggression was poised against us. The 76th Congress responded by making compulsory military service a legal obligation in peacetime as well as war. Although this was the first peacetime draft in our history, it was an action consistent with our evolving traditions and responsibilities. As President Roosevelt said on that occasion:

> "America has adopted selective service in time of peace, and, in doing so, has broadened and enriched our basic concepts of citizenship. Beside the clear democratic ideals of equal rights, equal privileges and equal opportunities, we have set forth the underlying other duties, obligations and responsibilities of equal service."

Americans ever since then have come to know well those "broadened concepts of citizenship" of which Franklin Roosevelt spoke. Little more than a year later, war began. The Selective Service System established by that foresighted 76th Congress mustered the greatest military force in the history of the world.

After the end of World War II, in the face of new hostile threats, the 80th Congress met its obligation by enacting new selective service legislation. Six times since then, succeeding Congresses —the 81st, the 82nd, the 84th, the 86th, and the 88th—have kept it alive as an indispensable part of our defense against an aggression which has taken different shapes but has never disappeared. Twice—in Korea, and today in Vietnam—we have borne arms in the field of battle to counter that aggression. Thus, for more than a quarter of a century, through total war and cold war and limited war, selective service has provided the Nation with the ability to respond quickly and appropriately to the varied challenges confronting our democracy.

THE PROBLEM TODAY

The Selective Service Act under which men today are drafted into our Armed Forces is now almost two decades old, about the age of many of the men who stand watch on the frontiers of freedom throughout the world.

That generation, whose lifetime coincides with our draft law, has grown to maturity in a period of sweeping change. We are in many ways a different nation —more urban, more mobile, more populous.

The youth of the country themselves have added most heavily to our growth in numbers. In 1948, when the present Act was passed, less than 1.2 million male Americans were 18 years old. Today that number has increased about 60% to almost 1.9 million, and will exceed two million in the 1970's.

Because of this population increase, many more men of their generation are available for military duty than are required.

—A decade ago, about 70 percent of the group eligible for duty had to serve with the Armed Forces to meet our military manpower needs.

—Today, the need is for less than 50 percent, and only about a third or less of this number must be involuntarily inducted—even under the conditions of war. When the firing stops, as we all fervently hope it will soon, the requirements will be for fewer still.

The danger of inequity is imbedded in these statistics. It arises when not every eligible man must be called upon to serve. It is intensified when the numbers of men needed are relatively small in relation to the numbers available.

THE GOAL OF FAIRNESS

Fairness has always been one of the goals of the Selective Service System. When the present Act was passed in 1948, one of its underlying assumptions was that the obligation and benefits of military service would be equitably borne.

The changing conditions which have come to our society since that Act was established have prompted concern—in the Executive Branch, in the Congress, in the Nation generally—with whether the System might have drifted from the original concept of equity.

That concern deepened as young men were called to the field of combat.

A Selective Service System, of course, must operate well and fairly in peace as well as in times of conflict. But it is in the glare of conflict that the minds of all of us are focused most urgently on the need to review the procedures by which some men are selected and some are not.

Last July, by Executive Order, I appointed a National Advisory Commission on Selective Service, composed of 20 citizens, distinguished and diverse in their representation of important elements of our national life.

I asked that Commission, headed by Mr. Burke Marshall, to study these questions, and indeed whether the need for the draft itself was ended or soon might be.

I instructed the Commission to consider the past, present and prospective functioning of selective service and other systems of national service in the light of the following factors:

- Fairness to all citizens.
- Military manpower requirements.
- The objective of minimizing uncertainty and interference with individual careers and education.
- Social, economic and employment conditions and goals.
- Budgetary and administrative considerations; and
- Any other factors the Commission might deem relevant.

The Commission undertook this responsibility with seriousness of purpose, and a clear recognition of the abiding importance these issues hold in American life today. It consulted with or sought the opinions of national leaders, governors, mayors and officials of the Federal Government; educators and students; business groups and labor unions; veterans organizations, religious leaders and others broadly representing every sector of our society. I asked people across the land to send their thoughts to the Commission and many did.

The Commission's work is now concluded. Its report has been made available to the American public. I have studied that report carefully.

I have also had the benefit of two other recent studies relating to the same problems. Another distinguished group of leading citizens reviewed the selective service situation for the House Armed Services Committee. Its conclusions have been made available to me. Earlier, at my direction, the Secretary of Defense conducted a study of the relationship of the draft military manpower utilization policies. It was completed in June of last year.

These reports have confirmed that continuation of the draft is still essential to our national security. They have also established that inequities do result from present selection policies, that policies designed for an earlier period operate unevenly under today's conditions, creating unfairness in the lives of some, promoting uncertainty in the minds of more.

TO PROVIDE SECURITY

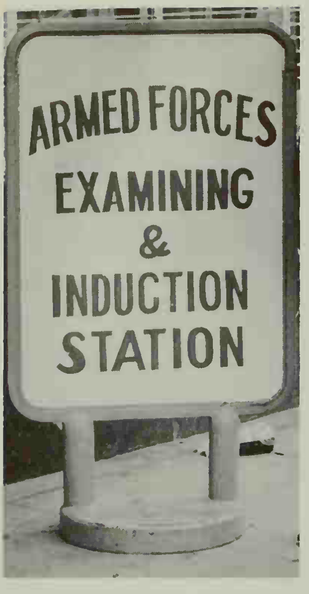
To provide the military manpower this Nation needs for its security and to assure that the system of selection operates as equitably as possible, I propose that:

1. The Selective Service law under which men can be inducted into the Armed Forces be extended for a four-year period, upon its expiration on June 30, 1967.

2. Men be inducted beginning at 19 years of age, reversing the present order of calling the oldest first, so that uncertainties now generated in the lives of young men will be reduced.

3. Policies be tightened governing undergraduates college deferments so that those deferments can never become exemptions from military service, and providing for no further postgraduate deferments except for those in medical and dental schools.

4. Firm rules be formulated, to be ap-



plied uniformly throughout the country, in determining eligibility for all other types of deferment.

5. A Fair And Impartial Random (FAIR) system of selection be established to determine the order of call for all men eligible and available for the draft.

6. Improvements in the Selective Service System be immediately effected to assure better service to the registrant both in counseling and appeals, better information to the public regarding the system's operation and broader representation on local boards of the communities they serve.

7. A study be conducted by the best management experts in the Government of the effectiveness, cost and feasibility of a proposal made by the National Advisory Commission to restructure the organization of the Selective Service System.

8. The National Commission on Selective Service be continued for another year to provide a continuing review of the system that touches the lives of so many young Americans and their families.

9. Enlistment procedures for our National Guard and Reserve units be strengthened to remove inequities and to ensure a high state of readiness for those units.

CONTINUATION OF THE DRAFT LAW

The United States must meet its military commitments for the national security, for the preservation of peace and for the defense of freedom in the world. It must be able to do this under any circumstance, under any condition, under any challenge.

This fundamental necessity is the bedrock of our national policy upon which all other considerations must rest.

To maintain this ability we must continue the draft.

The volunteer tradition is strong in our Armed Forces, as it is in our national heritage. Except for the periods of major war in this century, it has been the chief source of our military manpower since the earliest days of the Republic.

It must remain so. Our Armed Forces will continue to rely mainly on those who volunteer to serve. This is not only consistent with the American tradition. It is also the best policy for the services themselves, since it assures a highly motivated and professionally competent career force.

Improving the quality of service life and increasing the rewards for service itself encourage volunteering. We have taken a number of actions toward this end and will initiate still others:

- Four military pay raises in each of the last four years, averaging a total increase of 33 percent in basic pay. I shall shortly recommend another increase.
- A military "Medicare" program which expands medical care for the dependents of those on active duty, as well as for retired members and their dependents.
- The Cold War GI Bill of Rights, which provides education, training, medical and home loan benefits to returning servicemen.
- The Vietnam Conflict Servicemen and Veterans Act of 1967, which I proposed last month, to provide additional benefits to members of the Armed Forces and their dependents.
- I have asked the Secretary of Defense to submit to me this year a comprehensive study of the military compensation and retirement system.
- To attract more physicians, dentists and other members of the health professions to volunteer for military service, I am directing the Secretary of Defense to develop a broad program of medical scholarships. Students taking advantage of these scholarships would commit themselves to longer terms of obligated service.

THE REDUCTION OF REQUIREMENTS

At the same time that we have been increasing the incentives for volunteer service, we have also taken steps to reduce our requirements for men who must be drafted.

- I have directed that the services place civilians in jobs previously held by men in uniform wherever this can be done without impairing military effectiveness. During fiscal 1967, 74,000 former military jobs will be filled by civilians. During the next fiscal year, an additional 40,000 such jobs will be so filled. If these measures were not taken, our draft calls would have to be much higher.
- Starting last year, under Project 100,000, the military services have revised mental and physical standards to admit young men who were being rejected—more than half of whom had sought to volunteer. As a result, the services will accept this year 40,000 men who would have been disqualified under former standards. Next year, the Defense Department's goal is to accept 100,000 such men.
- Finally, the Secretary of Defense is taking steps to expand opportunities for women in the services, thus further re-

ducing the number of men who must be called involuntarily for duty.

But in spite of all we can and will do in this regard, we cannot realistically expect to meet our present commitments or our future requirements with a military force relying exclusively on volunteers.

We know that vulnerability to the draft is a strong motivating factor in the decision of many young men to enlist. Studies have shown that in the relatively normal years before the buildup in Vietnam, two out of every five enlistees were so motivated. Since then, the proportion has been considerably higher.

Research has also disclosed that volunteers alone could be expected to man a force of little more than two million.

Our military needs have been substantially greater than that ever since we first committed troops to combat in Korea in the summer of 1950. The average strength of our Armed Forces in the years between the end of hostilities in Korea and the buildup in Vietnam was 2.7 million. Today, we have 3.3 million men under arms, and this force will increase still further by June 1968 if the conflict is not concluded by then.

The question, whether we could increase incentives sufficiently to attract an exclusively volunteer force larger than any such force we have had in the past, has been subjected to intensive study.

That study concluded that the costs would be difficult to determine precisely, but clearly they would be very high.

Far more important is the position of weakness to which an exclusively volunteer force—with no provision for selective service—would expose us. The sudden need for more men than a volunteer force could supply would find the Nation without the machinery to respond.

That lack of flexibility, that absence of power to expand in quick response to sudden challenge, would be totally incompatible with an effective national defense. In short, it would force us to gamble with the Nation's security.

We look to, and work for, the day the fighting will end in Vietnam. We hope—it is the most profound hope of this Administration as it is of this generation of Americans—that the years beyond that day will be years of diminishing tension in the world, of silent guns and smaller armies. The total efforts of this Government will be constantly directed toward reaching that time.

But although we are hopeful, we are realists too, with a realism bred into us through long and lasting experience. Any responsible appraisal of world conditions leads inevitably to this conclusion: We must maintain the capability for flexible response which we have today.

The draft is one of the essential and crucial instruments which assures us of that flexibility.

I recommend legislation to extend for four years the authority, which expires on June 30, 1967, to induct men into the Armed Forces.

THE ORDER OF CALL

The general procedure today for the selection of draft-eligible men is in the order of "oldest first"—from 26 downward.

In the period prior to the Vietnam buildup, when draft calls were small, the average age for involuntary induction was between 22 and 24 years.

All three of the recent studies of the draft reveal that the current order of call is undesirable from the point of view of everyone involved—and is actually the reverse of what it should be:

- For the young men themselves, it increases the period of uncertainty and interferes with the planning of lives and careers.
- For employers, it causes hardships when employees are lost to the draft who have been trained, acquired skills and settled in their jobs.

- For the Selective Service System, it proliferates the number of deferment applications and appeals. Claims for dependency and occupational deferments are much more frequent for men over the age of 20.
- For the Armed Forces, it creates problems. The services have found that older recruits are generally less adaptable than are younger ones to the rigors of military training.

The time has clearly come to correct these conditions and remove the uncertainties which the present order of call promotes.

I will issue an Executive Order directing that in the future, as other measures I am proposing are put into effect, men be drafted beginning at age 19.

DEFERMENT INEQUITIES

Almost two million young men—and soon many more—reach age 19 each year. The foreseeable requirement is to draft only 100,000 to 300,000 of them annually. We must ask: How shall those relatively few be selected? As the National Advisory Commission on Selective Service phrased it, "Who serves when not all serve?"

Past procedures have, in effect, reduced the size of the available manpower pool by deferring men out of it.

This has resulted in inequities.

Two separate groups of men have been selected out of consideration for military service:

1. Rejectees—In the past, many thousands of men were rejected—and put into deferred categories—who could have performed satisfactorily, sharing the burdens as well as the benefits of service. Most of these were disadvantaged youths with limited educational backgrounds or in some cases, curable physical defects.

We are taking action to correct this inequity. I referred earlier to Project 100,000 established by the Secretary of Defense. Under this program, the services are taking in men who would previously have been disqualified because of educational deficiencies or minor medical ailments.

With intensive instructions, practical on-the-job training and corrective medical measures, these young men can become good soldiers. Moreover, the remedial training they receive can enable them to live fuller and more productive lives. It is estimated that about half the men who enter the Armed Forces under this program will come as volunteers, the other half as draftees.

This will be a continuing program. The Nation can never again afford to deny to men who can effectively serve their country, the obligation—and the right—to share in a basic responsibility of citizenship.

2. College Students — The National Advisory Commission on Selective Service found the issue of college student deferments to be the most difficult problem for its consideration. The Commission could not reach unanimity. This is not surprising, for it was sufficiently representative of the Nation itself to reflect the healthy diversity of opinion which centers on this subject.

Student deferments have resulted in inequities because many of those *deferments* have pyramided into *exemptions* from military service.

Deferred for undergraduate work, deferred further to pursue graduate study and then deferred even beyond that for fatherhood or occupational reasons, some young men have managed to pile deferment on deferment until they passed the normal cut off point for induction.

In this regard, a recent survey revealed that only 27 percent of one age group of graduate school students past the age fo 26 had served in the Armed Forces—contrasted with approximately 70 percent of men of the same ages with educational backgrounds varying from college degrees to some high school training.

There is one group of postgraduate students to whom this condition does not apply—men who are studying to be doctors and dentists. About half of them later serve as medical officers in the Armed Forces.

Their service is vital. Because their studies are essential to military manpower needs, students engaged in such programs must continue to be deferred until their education is completed.

I have concluded, however, that there is no justification for granting further deferments to other graduate school students.

To correct the inequities on the deferments of postgraduate students, I shall issue an Executive Order specifying that no deferments for postgraduate study be granted in the future, except for those men pursuing medical and dental courses.

Undergraduate students present a different problem for consideration.

Many citizens—including a majority of the members of the National Advisory Commission—hold that student deferments are of themselves inequitable because they grant to one group of men a special privilege not generally available to all. Their concern was heightened by the belief that a student deferment in a time of conflict might be an even greater privilege.

They contend that such deferments cannot properly be justified as being in the national interest. Moreover it is their conviction that the elimination of a student deferment policy would have no harmful effect on the educational process in this country. Indeed, they believe that the Nation's experience with the returning veterans of other wars indicates that interruption of college studies for military service actually results for many men in a more mature approach and a greater capacity for study.

Others—including a substantial minority of the Commission—believe just as strongly that college deferments from service are not unfair—however manifestly unfair are the conditions of life which permit some to go to college while others cannot.

They agree that the unpredictability of world conditions could conceivably work to the advantange of students who were able to defer their service. But they point out that the same unpredictability could work just as easily to opposite effect, that men who were deferred as college freshmen in 1963 would be graduating this spring into a world in which they could face the hazards of combat. Finally, this point of view calls attention to the fact that the elimination of student deferments would unduly complicate the officer procurement problems of the Armed Forces, for almost four out of five officers who come into the services each year come from the Nation's colleges.

An issue so deeply important, with so many compelling factors on both sides, cannot be decided until its every aspect has been thoroughly explored.

I hope and expect that the Congress will debate the questions this issue poses for the Nation's youth and the Nation's future.

I will welcome the public discussion which the Commission report will surely stimulate.

I shall await the benefits of these discussions which will themselves be a great educational process for the Nation.

I will then take that Presidential action which, I believe, will best serve the national interest.

A FAIR AND IMPARTIAL RANDOM SYSTEM OF SELECTION

The paramount problem remains to determine who shall be selected for induction out of the many who are available.

Assuming that all the men available are equally qualified and eligible, how can that selection be made most fairly?

No question has received more thoughtful attention or more careful analysis.

There is no perfect solution. For the unavoidable truth is that complete equity can never be achieved when only some must be selected and only some must serve.

But a decision cannot be avoided. It is due. The question will become more urgent with the passing months and years.

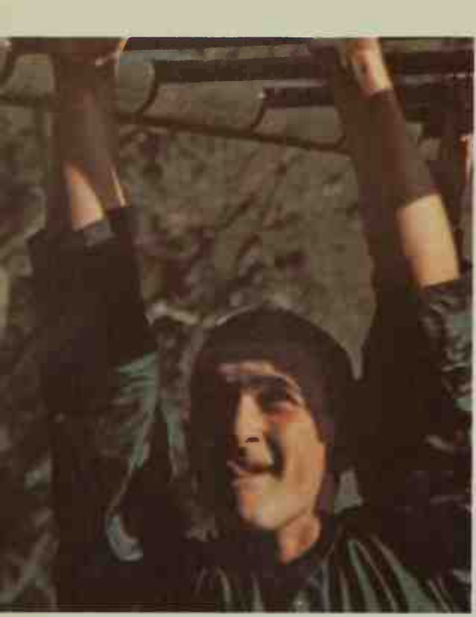
I have concluded that the only method which approaches complete fairness is to establish a Fair And Impartial Random (FAIR) system of selection which will determine the order of call for all equally eligible men.

That FAIR system would operate generally as follows:

- At age 18, all men would be examined to determine their physical and mental eligibility.
- All eligible men reaching age 19 before a designated date would be placed in a selection pool.
- The FAIR system would then determine their order of call.
- They would be selected in that order of call, for induction at age 19, to fill draft calls placed by the Department of Defense.
- Those not reached during this period would drop to a less vulnerable position on the list with the entry of the next year's group of eligible men into the selection pool.
- All men would retain their vulnerability to the draft, in diminishing order by age group up to 26, in the event of a national emergency. Those who had received deferments would continue liable, as at present, until their 35th birthday.

This system, giving young men a clear indication of a likelihood of being drafted, in conjunction with the "youngest first" order of call, will further reduce uncertainty in the planning of futures and careers.

I am instructing the Director of Selective Service, working in collaboration with the Secretary of Defense, to develop a Fair And Impartial Random (FAIR) system of selection to become fully operational before January 1, 1969. This system will determine the order of call for induction of qualified and available 19-year olds and older men as their deferments expire.



SELECTIVE SERVICE ORGANIZATIONAL STRUCTURE

The proposals I am presenting in this message have one common objective: Insofar as it is possible to do so, to make certain that men who must be called to serve their country, and fight and die for it if necessary, will be chosen equitably and justly.

The governing concept I propose for selection is one of equal and uniform treatment for all men in like circumstances.

The National Advisory Commission has reported that in order to achieve that objective in all its dimensions, the Selective Service System itself should be restructured.

The Commission presented its conviction that the System's decentralized operation, with more than 4,000 neighborhood boards, 56 State headquarters and 95 appeal boards—all functioning under general and sometimes inconsistent guidelines—is not responsive to the requirements of our Nation today. It believed that uniformity of treatment would be difficult to achieve through that System.

The Commission recommended that the Selective Service System be consolidated. It suggested a coordinated structure of eight regions, embracing from 300 to 500 area offices located in major population centers and staffed with full-time government employees. It proposed a System modernized by means of new management techniques, communications technology and data processing equipment.

I believe these recommendations should be exposed to further searching analysis and study by management experts building on the work the Commission has done.

The Selective Service System has done a good job for America. For a quarter of a century those who have been responsible for its operation have provided the nation with an inspiring study of patriotic citizens volunteering their time and devotion to demanding tasks vitally affecting the national welfare.

Moreover, as I have already observed, the System itself has been flexible and responsive, meeting the widely varying calls for manpower placed on it over the past twenty years.

And beyond these considerations are others more difficult to measure, but deeply important nonetheless.

The Selective Service System is a part of America, a part of the process of our democracy, a part of our commitment to a full regard for the rights of the individual in our society. Because of the large number of registrants they must classify, many local draft boards in large cities cannot fulfill completely the function intended for them. But nonetheless the draft board concept is built on a uniquely American belief—that local citizens can perform a valuable service to the Government and at the same time personalize the Government's procedures to a young man fulfilling one of his earliest and most serious obligations of citizenship.

We cannot lightly discard an institution with so valuable a record of effectiveness and integrity.

Neither can we afford to preserve it, if we find that in practice it cannot adapt to the new controlling concept of equal and uniform treatment.

These counter-balancing considerations highlight the need to subject the System's organization to intensive study by experts skilled in management techniques and methods on the basis of the Commission's work.

I am instructing the Secretary of Defense, the Director of the Selective Service System and the Director of the Bureau of the Budget jointly to establish a Task Force to review the recommendations for a restructured Selective Service System made by the National Advisory Commission. This review will determine the cost, the method of implementation, and the effectiveness of the System the Commission recommends, in view of the changes in the System I am proposing in this message.

In the meantime we can make certain changes to strengthen the System.

The Commission study brought into focus areas where immediate improvement can and should be put into effect.

I am instructing the Director of the Selective Service System to:

- Assure that advisors and appeal agents are readily available to all registrants.
- Examine the System's appeals procedures to insure that the rights of the individual are fully protected.
- Improve the System's information policies so that all registrants and the public generally will better understand the System's operations.
- In conjunction with Governor Farris Bryant, Director of the Office of Emergency Planning, work with the governors to assure that all local boards are truly representative of the communities they serve and to submit periodic reports on the progress in this area.

RESERVE POLICIES

The National Advisory Commission focused attention on the administration of enlistments into Reserve and National Guard units. The Commission expressed concern over the inequities it saw in the enlistment procedures of these units.

The Reserve forces are essential to our military posture and are an integral part of it. My first concern is that these forces be maintained at their authorized strengths, and in a state of readiness for deployment, if and when they are needed.

I also believe that the Reserve components should, like the active forces, be manned primarily by volunteers.

Two steps have recently been taken by the Secretary of Defense to assure greater equity in the enlistment policies of the Reserve components:

- Men who meet qualification standards must be accepted into Reserve units in the order of their application.
- Reservists who are not satisfactorily fulfilling their obligation will be ordered to active duty for up to 24 months.

Authority to order such reservists to duty is provided in the Department of Defense 1967 Appropriations Act. *I recommend that such authority be incorporated in permanent legislation.*

I have concluded that two additional actions should now be taken:

First, I am directing the Secretary of Defense to give priority to Reserve enlistees who are under draft age (those young men 17-18½ years of age) to encourage a maximum number of volunteers who are not immediately draft liable. Reserve deferments for men who are draft liable will be authorized only to the extent required to fill specific vacancies in reserve components.

Second, I recommend that the Congress enact standby authority to allow the Department of Defense to draft men into Reserve and National Guard units whenever the authorized strength of these units cannot otherwise be maintained.

THE NATIONAL ADVISORY COMMISSION ON SELECTIVE SERVICE

The work of the National Advisory Commission on Selective Service represents the most comprehensive study of this System since it began 20 years ago. Any citizen, who reads the report of the Commission and I urge all citizens to do so—will recognize that the distinguished members have provided the most penetrating analysis of selective service in our history.

To provide the American people with a continuing review of a system which touches every American family and to assure the diligent pursuit of the actions I have discussed and approved in this message, as well as other suggestions in the Commission report, *I am extending the life of the National Advisory Commission for an additional year.*

CONCLUSION

Service performed by the youth of our Nation honors us all.

Americans have good reason to respect the long tradition of service which is manifested in every flight line and outpost where we commit our bravest men to the guardianship of freedom.

We have witnessed in our day the building of another tradition—by men and women in the Peace Corps, in VISTA, and in other such programs which have touched, and perhaps even changed, the life of our country and our world.

This spirit is as characteristic of modern America as our advanced technology, or our scientific achievements.

I have wondered if we could establish, through these programs and others like them, a practical system of nonmilitary alternatives to the draft without harming our security.

Both the National Advisory Commission on Selective Service and the group reporting to the Congress posed this question for study.

Both found the answer to be that we cannot.

But the spirit of volunteer service in socially useful enterprises will, we hope, continue to grow until that good day when all service will be voluntary, when all young people can and will choose the kind of service best fitted to their own needs and their nation's.

We will hasten it as we can. But until it comes, because of the conditions of the world we live in now, we must continue to ask one form of service—military duty—of our young men. We would be an irresponsible nation if we did not—and perhaps even an extinct one.

The Nation's requirement that men must serve, however, imposes this obligation: that in this land of equals, men are selected as equals to serve.

A just nation must have the fairest system that can be devised for making that selection.

I believe the proposals I am making today will help give us that system.

ESTADOS UNID
GUATEMALA

HOPE AT THE SUMMIT

Message on the Latin American Summit Meeting, March 13, 1967

Building the better life in Brazil.

To the Congress of the United States:

In less than a month, the leaders of the American states will meet in Punta del Este in Uruguay.

It will be the first such meeting in a decade, and the second ever held, of the heads of the free nations of our hemispheric system.

This meeting represents another link in the bond of partnership which joins us with more than 230 million neighbors to the south.

The gathering is far more than a symbol of flourishing friendship. Its purpose is a review of the progress we have made together in a great adventure which unites the destinies of all of us. Beyond that it will include a common commitment to the historic and humane next steps we plan to take together.

I look to this meeting with enthusiasm. The peaceful and progressive revolution which is transforming Latin America is one of the great inspirational movements of our time. Our participation in that revolution is a worthy enterprise blending our deepest national traditions with our most responsible concepts of hemispheric solidarity.

THE MEASURE OF PROGRESS

The cooperative spirit between the rest of the Americas and the United States has been building for decades.

The establishment of the Inter-American Development Bank in 1959, and the Act of Bogota in 1960, under the leadership of President Eisenhower, helped turn that spirit to substance. In those historic compacts the American governments pledged their joint efforts to the development of programs to improve the lives of all the people of Latin America. They provided the impetus for an action taken in 1961 on which the history of the hemisphere has since turned. That action—the Alliance for Progress, which moved dramatically forward under President Kennedy—fused old dreams and fired new hopes. With its commitment of mutual assistance and self-help programs, it attacked evils as old as the condition of man—hunger, ignorance and disease.

That Alliance is now six years old.

What can we say of it?

We can say that there is a clear record of progress. Per capita growth rates for Latin America show that more countries have broken the economic stagnation of earlier years. Reform and modernization are advancing as a new wave of managers and technicians apply their skills. There have been steady gains in private, national and foreign investments. Inflation is easing. The struggle for social justice is proceeding.

These are all true. But the statements of progress are more meaningful, and they more realistically reflect the spirit of the Alliance, when they relate to the people for whose lives the Alliance itself was created. Since the Alliance began, and with the funds that we have contributed:

Men, women and children are alive today who would otherwise have died.

- 100 million people are being protected from malaria. In 10 countries, deaths caused by malaria dropped from 10,810 to 2,280 in three years' time. Smallpox cases declined almost as sharply.
- 1,200 health centers, including hospitals and mobile medical units, are in operation or soon will be.

For tens of thousands of families, the most fundamental conditions of life are improving.

- 350,000 housing units have been, or are now being, built.
- 2,000 rural wells and 1,170 portable water supply systems have been built to benefit some 20 million persons.

Children are going to school now who would not have gone before.

- Primary school enrollments have increased by 23%; secondary school enrollments by 50%; university enrollments by 39%.
- 28,000 classrooms have been built.
- 160,000 teachers have been trained or given additional training.
- More than 14 million textbooks have been distributed.
- 13 million school children and 3 million pre-schoolers participate in school lunch programs.

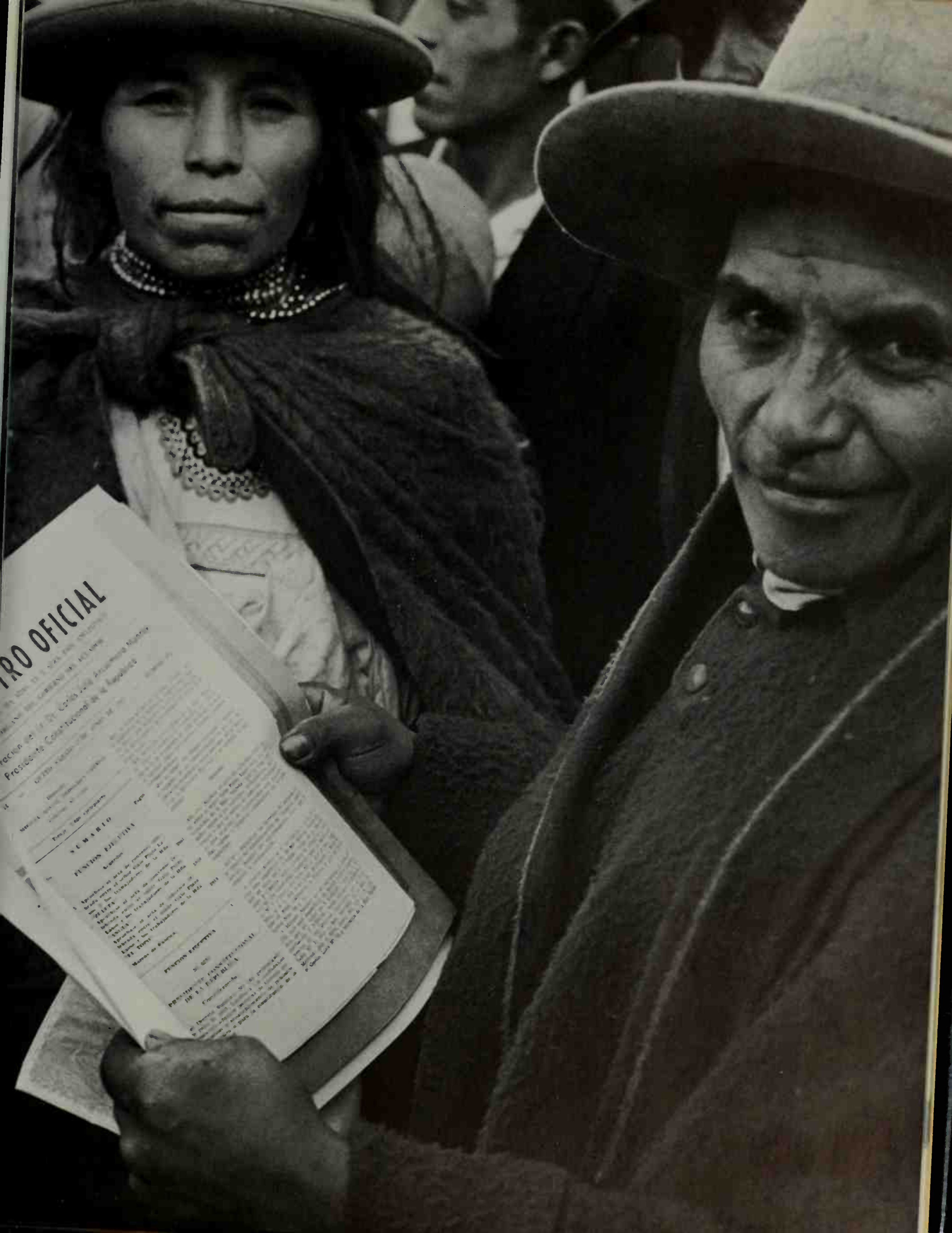
Men whose fathers for generations have worked land owned by others now work it as their own.

- 16 countries have legislation dealing directly with land reform.
- With U. S. assistance, 1.1 million acres have been irrigated and 106,000 acres reclaimed.
- More than 700,000 agricultural loans have benefited 3.5 million people.
- 15,000 miles of road have been built or improved, many of them farm-to-market access roads.

ONLY THE BEGINNING

All of these are heartening facts. But they are only the beginning of the story, and only part of it. Statistics can only suggest the deep human meaning of hope alive now where once none lived. Statistics cannot report the wonder of a child born into a world which will

Land reform make
an Ecuadorian famil
land owners


RO OFICIAL
Presidente Constitucional de la República
SUMARIO
FUNCION EJECUTIVA

Power for Latin America . . .

Prudence Ingerman of Carversville, Pennsylvania, teaches arithmetic in Bolivia.

give him a chance to break through the tyranny of indifference which doomed generations before him to lives of bleakness and want and misery.

Nor can they reveal the revolution which has come about in the minds of tens of millions of people when they saw that their own efforts, combined with those of their governments and their friends abroad, could change their lives for the better.

Perhaps most important of all, statistics cannot adequately reflect the emergence of a vigorous, competent and confident new generation of Latin American leaders. These men are determined to see realized in their own time a strong, modern Latin America, loyal to its own traditions and history. They are men who know that rhetoric and resolutions are no substitute for sustained hard work.

And statistics can never tell us what might have been. They cannot record the shots which might have rung out in the avenidas and plazas of a dozen Latin American cities, but did not—or the howls of angry crowds which might have formed, but did not. The full success of the Alliance for Progress must be sought not only in what has been accomplished but in what has been avoided as well.

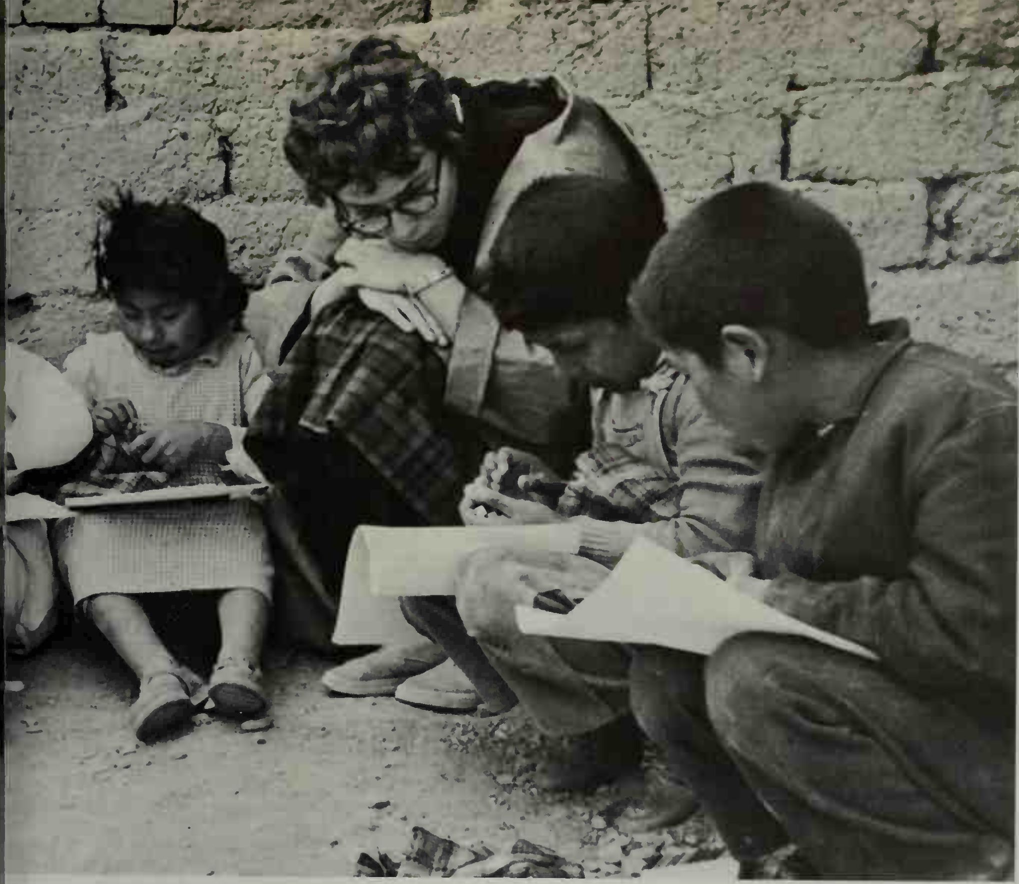
Ferment gripped the hemisphere when the Alliance was born. In places throughout the world, terror with its bloodshed sought to redress ancient evils. And in some of these places—in Cuba and half a world away in Southeast Asia—even greater evil followed the thrust of violence. Through their own efforts under the Alliance for Progress, the Latin Americans have transformed the hemisphere into a region of determination and hope.

The United States' participation in the Alliance was a bold affirmation of its belief that the true revolution which betters men's lives can be effected peacefully. The Alliance's six-year record of accomplishments is history's clear testament to the validity of that belief.

It is also a testament to the validity of the underlying principle of self-help. Our support has been vitally important to the successes so far achieved. But the commitments and dedication of the Latin American nations themselves to these tasks has been the keystone of that success.

THE TASK BEFORE US

The record of progress only illuminates the work which still must be done if life for the people of this hemisphere is truly to improve—not just for today,



. . . *and more power for Latin America.*

but for the changing years ahead.

Last August, in a statement on the fifth anniversary of the Alliance for Progress, I described the challenge in these terms:

> "If present trends continue, the population of this hemisphere will be almost 1 billion by the year 2000. Two-thirds—some 625 million—will live in Latin America. Whatever may be done through programs to reduce the rate of population growth, Latin America faces a vast challenge.
>
> "Farm production, for instance, should increase by 6 percent every year, and that will be double the present rate.
>
> "At least 140 million new jobs will need to be created.
>
> "Over a million new homes should be built each year.
>
> "More than 175,000 new doctors need to be trained to meet the very minimum requirements.
>
> "Hundreds of thousands of new classrooms should be constructed.
>
> "And annual per capita growth rates should increase to the range of 4 to 6 percent.
>
> "These requirements, added to the demands of the present, mean that new sights must be set, that new directions and renewed drive must be found if we are to meet the challenge, if we are to move forward."

It is with these sober problems confronting us that the leaders of the American states will meet at Punta del Este.

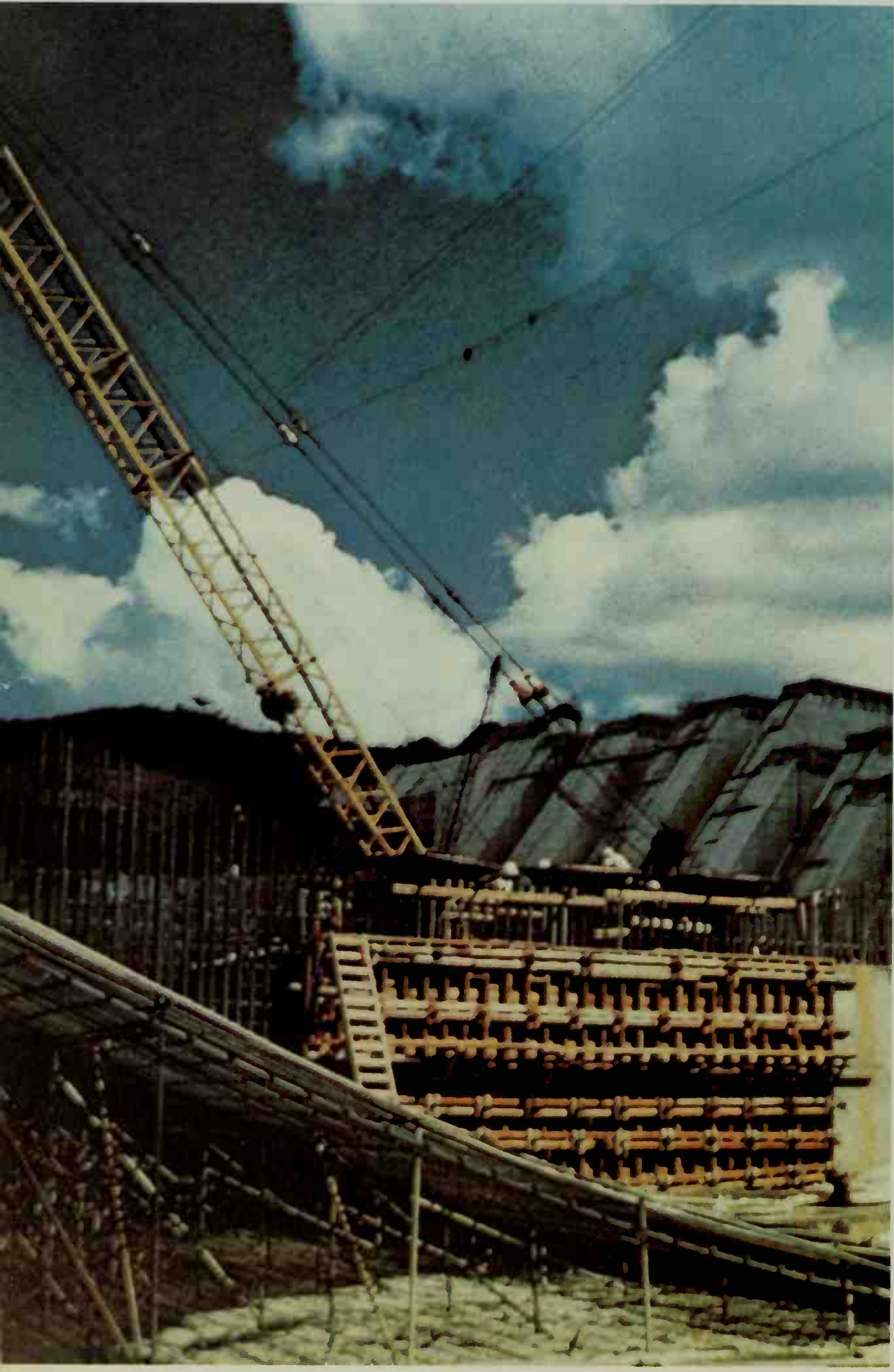
PILLARS OF PROGRESS

Our governments have been hard at work for months preparing for this meeting.

Our concern has centered on the question of how we can speed the development process in Latin America. We know that growth and trade are interacting forces. We know that they depend on the free movement of products, people and capital. We know they depend on people who are healthy and educated. We know that these conditions contain the seeds of prosperity for all of us.

Further, based on our joint experience so far under the Alliance, we know that the future progress of the hemisphere must rest on four strong pillars:

1. Elimination of Barriers to Trade—Civilization in most of Latin America followed along the coastal rim of the continent. Today the centers of population are concentrated here. Vast inner frontiers lie remote and untouched, sep-



arated from each other by great rivers, mountains, forests and deserts. Simon Bolivar saw these natural barriers as major obstacles to trade and communication and to his dream of a single great Latin American republic.

Because of them, Latin American countries for a century and a half tended to look outward for their markets to Europe and the United States.

Now they are looking inward as well. They see the same barriers, but they see them as less formidable. They are confident that with modern technology they can be overcome. Now with projects set in motion by the Alliance for Progress, men are beginning to carve roads along the slopes of the Andes, push bridges across the rushing rivers, connect power grids, extend pipelines and link the overland national markets.

The barriers of nature symbolize obstructions every bit as restrictive as the artificial trade barriers that men erect. The work to remove them both must proceed together.

Latin American leaders have seen the very real threat of industrial stagnation in the high tariff barriers they have erected against their commerce with each other. They see economic integration as indispensable to their future industrial growth.

The Central American countries, stimulated by Alliance programs, have already achieved spectacular increases in trade and investment. The larger grouping of South American states and Mexico, however, has approached economic unity at a slower pace.

Now both groups together must systematically move toward a Latin American Common Market. When this is carried into effect, it will bring the most profound change in hemispheric relations since independence. The countries of Latin America have given clear and sure indication that they intend to join together to advance toward this goal.

2. Improvement of Education — The burden of illiteracy, which the masses of people in Latin America have borne for centuries, is beginning to lift. In other times, the pace might have been satisfactory. It cannot be considered so today.

The countries of Latin America hope

and aim to be economically strong. Such nations will require trained people in an abundance far greater than their classrooms and laboratories provide. The scientists, the teachers, the skilled laborers, the administrators and the planners on whom tomorrow depends must be trained before tomorrow arrives. Children must go to school in ever-increasing numbers. Adults who have never written their names must be raised to the level of literacy. University facilities must be expanded and scientific, technical and vocational training must be provided of different kinds and in different fields.

All of this means more schools and an expansion of educational opportunities to reach more and more people with every passing month.

3. Agriculture — Half the people of Latin America live in rural areas.

Most of that rural life is still shackled by poverty and neglect. Agricultural productivity is still restricted by outdated methods and outmoded policies. Comprehensive programs and reforms must be accelerated to bring modern farming techniques to the campo.

We and our neighbors to the south envision a dynamic Latin American agriculture which will help raise the standards of rural life.

We envision a sufficient increase in the production of food to provide for their growing populations—and to help meet world needs as well.

We envision a modernization of farming policies and techniques which will lead to a healthy competitive climate for food production.

4. Health—Finally, we will strive harder than ever before to improve the health of all the people.

The battle against diseases that kill and cripple will be intensified.

Programs to make safe water supply and essential sanitation services available to all will be accelerated.

Nutrition levels for poor children and their parents will be advanced.

These are the problems we face together, and the promises we envision together, as we prepare for Punta del Este.

The problems are real. But the promises are also real. They are not empty visions. They are all within our reach. They will not be accomplished quickly or easily. But they are objectives worthy of the support of all our people.

INCREASED ASSISTANCE

In keeping with the spirit of our commitment under the Alliance for Progress and after a careful review of the objectives which our Latin American neighbors have set for themselves, I believe that we should pledge increased financial assistance in the years ahead.

The fundamental principle which has guided us in the past—demonstrated need and self-help—will continue to shape our actions in the future.

I recommend that Congress approve a commitment to increase our aid by up to $1.5 billion or about $300 million per year, over the next 5 years.

It must not be at the expense of our efforts in other parts of this troubled world.

This amount will be in addition to the $1 billion we have been annually investing in the future of Latin American democracy, since the Alliance for Progress began 6 years ago. The total value of our economic assistance, even after the proposed increases, will still be only a fraction of the resources the Latin American nations are themselves investing.

The $1.5 billion increase I propose must be considered an approximate figure. Its precise determination will depend on steps which the Latin American nations themselves must take. But even so, we can project in a general way what will be necessary:

1. Agriculture, Education, and Health—Approximately $900 million of this increase should be used over the next 5 years to train teachers and build new laboratories and classrooms; to increase food production and combat the malnutrition which stunts the promise of young children; to fight disease and cure the ill.

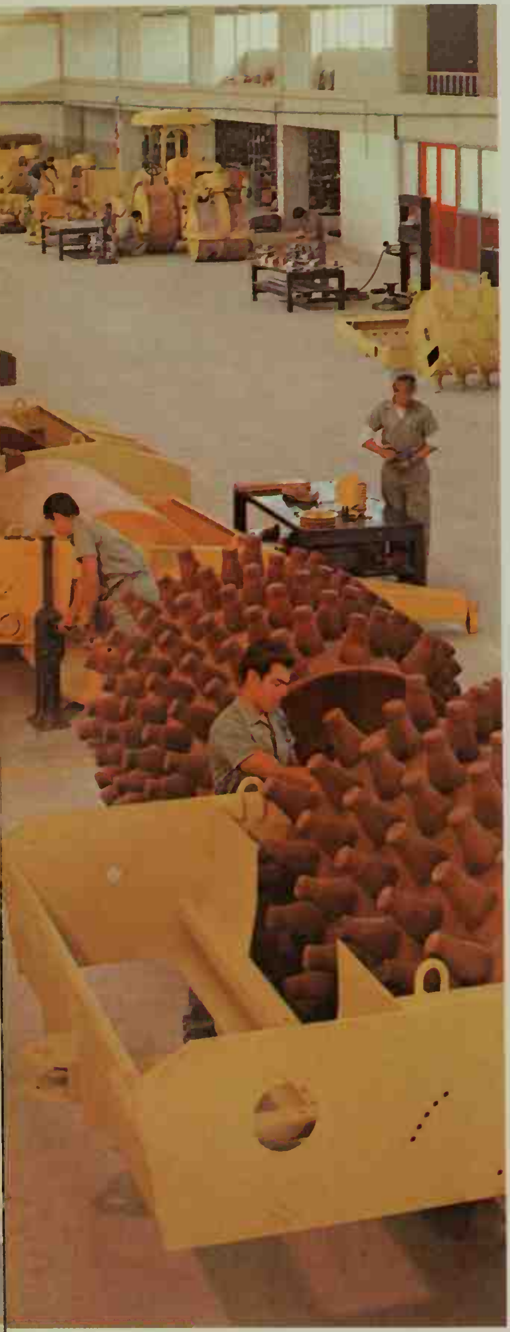
Of this amount $100 million has been included in the fiscal 1968 budget totals. I will request that it be added to the new obligational authority of $543 million already recommended for the Alliance for Progress.

For the next four fiscal years, the additional annual amount of some $200 million is within the $750 million authorization for the Alliance for Progress approved by Congress last year.

2. A Latin American Common Market—Approximately one-quarter to one-half billion dollars over a 3 to 5 year period, beginning about 1970, may be required to assist Latin America to move toward a common market.

Progress in this direction will require a period of transition. To help with this adjustment, assistance can be used to retrain workers, ease balance of payments problems, and stimulate intra-Latin American trade.

The members of the Alliance for Progress, including the United States, should



be prepared to finance this assistance on an equitable matching basis.

I will ask Congress to authorize these funds only when the first essential steps toward a common market are taken.

3. Multi-National Projects—Communications, Roads and River Systems— Approximately $150 million over a 3 year period should provide additional funds to the Inter-American Bank's Fund for Special Operations. These increased contributions can help finance pre-investment studies and a portion of the cost of new multi-national projects:

- Roads to link the nations and people of Latin America.
- Modern communication networks to speed communications.
- Bridges to carry the fruits of commerce over river barriers; dams to stem the ravages of flood.
- Hydroelectric plants to provide a plentiful source of power for growth and prosperity.

We will request Congressional authorization to provide this amount together with our regular $250 million annual contribution for each of the next 3 years to the Inter-American Bank's Fund for Special Operations.

We expect our partners in the Bank to increase their contributions on a proportional basis.

CONCLUSION

For the nations participating, Punta del Este will be a returning. It was there, six years ago in that city by the sea, that the American nations framed the charter of the Alliance which unites the hopes of this hemisphere.

We will be bringing with us the accumulated wisdom shaped by the experience gained in the years that have intervened.

We have learned much. Our sister countries know, and know well, that the burden of the task is theirs, the decisions are theirs, the initiative to build these new societies must be theirs. They know that the only road to progress is the road of self-help.

They know that our role can only be that of support, with our investment only a small portion of what they themselves contribute to their future.

This knowledge strengthens their own resolve, and their own commitment.

The people of the United States have learned, over the six years since that first conference at Punta del Este, that the investment to which we pledged our support there is a good and honorable one.

It is an investment made in the spirit of our world view, so well described by a great American jurist, Learned Hand:

"Right knows no boundaries, and justice no frontiers; the brotherhood of man is not a domestic institution."

That view of the world provides us with the knowledge that service is mutually rewarding. We have learned in the span of a generation that when we help others in a truly meaningful way, we serve our own vital interests as well.

I could go to the summit meeting with the President's executive authority and reach understandings with our Latin American neighbors on behalf of this country. I believe it is much more in our democratic tradition if the Executive and the Congress work together as partners in this matter.

I am, therefore, going to you in the Congress not after a commitment has been made, but before making any commitment. I seek your guidance and your counsel. I have already met with some 40 of your leaders.

I am asking the entire Congress and the American people to consider thoroughly my recommendations. I will look to their judgment and support as I prepare for our Nation's return to Punta del Este.

Secretary Rusk reports on Latin American progress to the President.

AMERICA'S UNFINISHED BUSINESS

Message on Urban and Rural Poverty, March 14, 1967

To the Congress of the United States:

THE CHALLENGE

> "The slum is as old as civilization. Civilization implies a race to get ahead. In a race there are usually some who for one cause or another cannot keep up, or are thrust out from among their fellows. They fall behind, and when they have been left far in the rear they lose hope and ambition, and give up. Thenceforward, if left to their own resources, they are the victims, not the masters, of their environment; and it is a bad master. . . . The bad environment becomes the heredity of the next generation."

These are the words of Jacob Riis, the Danish immigrant and American reformer, written in 1902. We may wish that those words applied only to the America of 1902—but clearly they apply to the America of the 1960's as well. They describe conditions in parts of every large American city and in pockets of poverty throughout rural America where 43 percent of the Nation's poor live.

It was years after Jacob Riis spoke before Americans realized that poverty was an urgent public dilemma—from which the only escape was to change the basic conditions of human life.

Theodore Roosevelt and Franklin Roosevelt in their times, began the necessary process of change:

- The Children's Bureau, proposed in 1909 and established in 1912, spearheaded broad efforts to improve maternal and infant care and to provide better services and protection for our youth.
- The public housing program, begun in 1934, today affords more than 2 million low-income Americans decent housing.

- The benefits of the Social Security Act of 1935 will provide $25.8 billion in old age, disability and survivorship benefits in fiscal 1968, if my recommendations are adopted by the Congress.
- The federally-aided public assistance programs, authorized in 1935, will provide $5 billion in Federal, State and local aid to more than 7 million needy individuals in fiscal 1968.
- The Fair Labor Standards Act, enacted in 1938, now provides minimum wage and hour protection for some 40 million workers.

A STRATEGY AGAINST POVERTY

In the 1960's, we have begun to devise a total strategy against poverty. We have recognized that public housing, minimum wages and welfare services could not, standing alone, change the bleak environment of deprivation for millions of poor families.

A successful strategy requires a breakthrough on many fronts: education, health, jobs and job training, housing, public assistance, transportation, recreation, clean air and adequate water supplies. The basic conditions of life for the poor must, and can, be changed.

We must deal with a wide range of physical and human needs. On the human side alone, the strategy must respond to a variety of problems.

Some of the poor—the aged and the hopelessly disabled—are unable to make their own way in this world because of conditions beyond their control. For them, social security, veterans pensions and public assistance can assure a life at minimum levels of human decency and dignity.

Others in our society are working at very low wages or are unemployed. But they are capable of helping themselves if given an opportunity to do so. To launch them on the road to a self-sufficient life, special education, training and employment opportunities will be necessary.

Our strategy requires programs that respond to the human needs of each of these groups. And we have proposed such programs:

- To give disadvantaged children healthy bodies and the chance to learn.
- To give the teenagers in our ghettos and pockets of rural poverty the training and skills they need to get jobs.
- To give our young the chance to develop their minds in college, through Federal grants and loans.
- To give the old and the disabled, who are incapable of helping themselves, increases in Social Security and the personal security of being able to see a doctor or obtain hospital care, without losing their entire life savings.

We also must have programs to improve the surroundings in which the disadvantaged live—the physical and social environment of America which has too long entrapped the poor. We have made proposals for:

- Model Cities, to rebuild entire blighted neighborhoods in cities, large and small.
- Rent Supplements, to bring the genius of private industry and private capital to the problem of housing the poor decently.
- Civil Rights legislation, to remove arbitrary barriers of discrimination which prevent a man otherwise qualified from getting a job or a home because of his race.

Our strategy against poverty relies on:

- The private initiative of every citizen and on the self-help efforts of the poor themselves.
- The resources of city, county, state and metropolitan agencies.
- Federal programs to supplement private and local activities and often to supply the vital thrust of innovation.

We have made substantial gains. But we have also come to see how profound are the problems that confront us, how deeply ingrained are the customs and practices that must be changed, how stubbornly the heritage of poverty persists from generation to generation.

Many of our early efforts have revealed the dimensions of the work that remains to be done. For some, this has inspired a pessimism that challenges both the value of what has been accomplished and the capacity of our Federal democracy to complete the task. For others, it has inspired a sober determination to carry through with programs that show great promise, to improve their administration and to seek still more effective instruments of change.

I have already submitted to the Congress my budget recommendations for fiscal 1968.

I have recommended $25.6 billion for the programs directly aiding the poor—a $3.6 billion increase over fiscal 1967.

Many of the programs underlying these budget recommendations have been discussed in previous messages to the Congress this year—on Education and Health, Children and Youth, Older Americans, Crime in America and Equal Justice. The programs described in this message are part of our strategy to change the depressing conditions of poverty now facing millions of our fellow men.

POVERTY—AND OPPORTUNITY

Few undertakings in our time have generated as much hope, produced as many immediate and beneficial results, or excited as much controversy, as the anti-poverty program I first submitted to the Congress on March 16, 1964.

The controversy was inevitable: what is being attempted is a fundamental change in the way government responds to the needs of the poor.

That there would be some confusion and mistakes was inevitable. The need was for action. America could not wait for a decade of studies which might not even show precisely what should be attempted. New programs had to begin in our cities and rural communities, in small towns and in migrant labor camps. America had to pull the drowning man out of the water and talk about it later.

This experience has led to progress and great accomplishment. We have learned more than some of the most enthusiastic supporters of the anti-poverty program had hoped.

Greater opportunities for millions of Americans depend on how we build on our experience:

- On enlarged resources for the Office of Economic Opportunity to strengthen and expand programs that have shown great promise and to continue the development of new and better techniques.
- On tightened administration of those programs so that the poor receive the maximum benefits, at the lowest cost to the American taxpayer.

THE ECONOMIC OPPORTUNITY ACT OF 1967

I recommend that the Economic Opportunity Act be amended:

1. *To help local community action agencies define their purpose more precisely and improve their planning, auditing and personnel systems.*

- The purpose and functions of community action agencies should be made more explicit: in their relationship to state, county and municipal authorities, in planning, coordinating and providing services, and in community involvement and innovation.
- Strict rules should be established to govern the pay, selection and accountability of community action personnel. Personnel systems should embody merit features and set the highest standards of conduct and efficiency.
- The provisions in existing law prohibiting partisan political activities should be retained and strengthened wherever possible.
- Auditing requirements now in the law should be expanded and improved.

2. *To give public officials and other interested groups in the community voice in forming policy for community action agencies.*

- There should be a requirement for representation of local public agencies on community action boards, as well as representation for the neighborhood groups to be served.
- Standards should be set specifically defining the powers and duties of Community Action Boards.
- The responsibility of the Boards for policy formulation and control of community action programs should be made explicit.

3. *To strengthen the role of the States, especially in rural areas.*

- States should be encouraged to assist in establishing regional community action agencies in rural areas.
- The joint funding of anti-poverty programs by Federal and State agencies should be encouraged.
- Federal funds should be provided so that States may give increased planning assistance to rural communities.

4. *To encourage more participation by private enterprise.*

- The obligation of community action agencies to design and conduct programs with full participation by the private sector should be made explicit.
- A closer relationship should be developed between employers, unions and the new work-training programs, with more individual attention to trainees in on-the-job training programs.

5. *To use the Economic Opportunity Act to encourage welfare recipients to become self-sufficient.*

- Job Corpsmen, Neighborhood Youth Corpsmen and others engaged in work and training under this Act should be given greater incentives to work, by allowing them to earn more without a corresponding loss of welfare assistance to their families.

6. *To give new direction and momentum to the programs in rural areas.*

- A new position of Assistant Director for rural affairs should be established to coordinate and strengthen programs affecting the rural poor.

7. *To strengthen the Economic Opportunity Council in the coordination of*

Community Action programs fight poverty at the grass roots.

anti-poverty activities of Federal agencies.

- The Council's role in helping to improve coordination among federal programs related to the anti-poverty effort should be more clearly spelled out.

These changes will make the administration of the program more effective. But improved administration is not enough. More people must be reached. The gap between promise and real opportunity is still broad. Additional funds must be provided if we are to make genuine progress in attending to our unfinished business.

I recommend that the Congress appropriate $2.06 billion for the Office of Economic Opportunity for fiscal 1968—a 25 percent increase over fiscal 1967.

COMMUNITY ACTION

The purpose of community action is to encourage those who need help to help themselves.

A Community Action Agency should provide a voice in planning programs to mayors, local business and labor leaders, the citizens to be helped, teachers, lawyers, physicians—all those who give their time and efforts to relieve poverty in their communities and who know well the needs of their neighbors. It may be established as a private, non-profit corporation or created by local government. Each agency analyzes the problems its community faces and develops a strategy for its anti-poverty, self-help effort. This strategy may include any combination of Federal, State and local programs which will assist the poor in their fight against poverty.

Community action agencies should devote their energies to self-help measures and new initiatives that will advance their communities in the war against poverty. To be effective, it is essential that they be non-partisan and totally disengaged from any partisan political activity. This Administration, the National Advisory Council on Economic Opportunity and, I am confident, the Congress, will be constantly alert to the danger of partisan political activity and will take the necessary steps to see that it does not occur.

Legal Services—To be poor is to be without an advocate—in dealing with a landlord, a creditor, or a government bureaucrat. It is to be subjected to the hostility or indifference of society, without redress. It is to be exposed to frustration and delay, without relief.

The Legal Services Program offers free legal assistance in civil matters to people who otherwise could not afford an attorney. The program provides—in ghettos, on Indian reservations, in migrant camps and in rural counties—lawyers for the poor in eviction and consumer credit cases, in administrative actions and in hundreds of other encounters involving their legal rights.

The program has the wholehearted endorsement of the American Bar Association, the National Bar Association and the National Trial Lawyers Association. With the help of these Associations, legal services are now being provided in 44 of the Nation's 50 largest cities and in some rural areas.

I have asked the Director of the Office of Economic Opportunity to strengthen these efforts and to expand the services available to smaller towns and rural areas.

NEIGHBORHOOD CENTERS

Multi-Service Centers—To be poor in a city is to spend long hours and precious dollars for carfare in search of assistance. The employment service may be in one part of town, the social security office in another, welfare offices, veterans assistance, adult literacy training, medical care or housing aid in others.

To be poor in a rural area is to travel many miles in hope of finding assistance—often fruitlessly. The services needed are too often in another county or only in a big city.

The fragmentation—and the unavailability—of services imposes great hard-

Off the bench and into the Foster Grandparents program.

ship upon the poor. Often it denies them the comprehensive help that can provide security, and the chance to stand on their own two feet before their fellow men.

We are trying a variety of methods for providing these services more effectively. Hundreds of neighborhood centers have been created: some are referral agencies, others house a complex of services drawn from existing programs. In rural areas centers have been established to serve multi-county areas. Our goal is to develop within each community the most effective means to deliver the services so desperately needed at the lowest cost to the taxpayer.

I have asked the Director of the Office of Economic Opportunity, in cooperation with the Secretary of Housing and Urban Development and other Federal departments, to expand and strengthen the development of Neighborhood Multi-Service and Multi-County Centers in the coming fiscal year. These Centers have become the focal point of many local efforts in their attack on poverty, and I expect that local communities will seek some $120 million for them in fiscal 1968.

Health Centers—To be poor is to be without adequate medical care:

- One-half of all women who have their babies in public hospitals have received no pre-natal care at all.
- More than 60 percent of poor children with disabling handicaps are not receiving any medical care.
- 60 percent of all poor children never see a dentist.
- The chance of a child dying before the age of one is 50 percent higher for the poor.
- The chance of dying before reaching the age of 35 is four times greater for the poor.

The poor man, making two thousand dollars a year or less—in many cases because of previous illness—will lose twice as many working days from illness as the man who makes seven thousand dollars or more.

In Health Centers, located where the poor live, medical care can be effectively provided for those who need it most. Where appropriate, the Health Centers are linked to Neighborhood Multi-Service Centers so that the individual citizen can obtain in one place a wide range of needed services.

The Director of the Office of Economic Opportunity, in cooperation with the Secretary of Health, Education, and Welfare, will encourage local communities to establish additional Health Centers in the coming fiscal year, so that up to 50 will be in operation by the end of fiscal 1968.

UPWARD BOUND

When a child's potential for success in life is lost, the nation as well as the child is the loser. When a bright mind is dimmed by successive failures in school, and the despair failure brings, the community suffers as much as the student himself.

Upward Bound seeks out poor rural and urban youngsters whose talents are undeveloped. They are given intensive individual attention and the best training our education system can offer so that they can develop their talents to the full reach of their individual capacity.

Two hundred and twenty-four public and private universities and private secondary schools are taking part in Upward Bound this year. More than 20,000 poor young men and women are today headed for high school graduation and college study through Upward Bound. We estimate that 78 percent of these youngsters —as compared to 8 percent of poor youth generally—will go on to college.

Applications for Upward Bound far exceed the funds presently available. Those funds must be increased—for America needs the trained and competent citizens these poor children can become.

My budget includes sufficient funds for Upward Bound to benefit more than 30,000 young men and women in fiscal 1968.

FOSTER GRANDPARENTS

Children in orphanages and homes for the retarded need the patient care of older men and women. Older Americans need the sense of usefulness that a child's dependence can bring.

The Foster Grandparents program meets these needs for more than 2,000 older Americans and 5,000 children. These Foster Grandparents are given training and relatively substantial increases in their incomes for visiting, teaching and caring for children who need them.

The Director of the Office of Economic Opportunity, in cooperation with the Secretary of Health, Education, and Welfare, will expand this program next year.

HEAD START AND HEAD START FOLLOW-THROUGH

I have already submitted to the Congress my recommendations to improve educational opportunities for children who need them most of all—the children of the poor.

For thousands of children in ghettos and pockets of rural poverty, in migrant labor camps and on Indian reservations, the Head Start Program has "replaced the conviction of failure with the hope of success." This fiscal year, Head Start will provide summer opportunities for about 500,000 children and a full-year program for nearly 200,000 children.

We must not lose the precious momentum children gain from Head Start by returning them to substandard schools. We must provide the Follow-Through necessary to vitalize the first years of their grade school experience. We must involve more parents and increase the services of teachers, teachers aides, doctors and counselors for disadvantaged children in the early grades.

For this reason, I have recommended the Head Start Follow-Through Program. My Budget recommendations to the Congress include $472 million for Head Start, including funds for the new Head Start Follow-Through Program to sustain the progress Head Start has made.

With these funds, we will strengthen the year-round Head Start Program and begin to plan and operate Head Start Follow-Through programs for up to 200,000 children coming into the first grades.

NEIGHBORHOOD YOUTH CORPS

At a critical period in their lives, the Neighborhood Youth Corps has given some 800,000 young men and women from both rural and urban America a chance to succeed as adults. It has helped them work their way through school, return to school, or prepare for useful employment.

My budget recommendations provide $321 million for the Neighborhood Youth Corps in fiscal 1968 to:

- Give 195,000 young people the chance to stay in school.
- Help 90,000 young people return to school or prepare for jobs.
- Provide summer jobs for 190,000 young people.

JOB CORPS

If the attack on poverty is to mean anything, it must reach all the poor—including those whose educational experience and past behavior make them difficult to teach, motivate and discipline. The Job Corps is a response to that moral imperative. Its success must be measured against the difficulties of its task.

There are 113 Job Corps centers in America. More than 60,000 youths have passed through them in the last two years.

For some, the Job Corps experience was too short to matter significantly. For others, there was only time enough to have a physical examination, or to learn to read a little or to add a column of figures. But even this was a gain for the young who, on the average, enter the Job Corps at a fourth grade reading level and have never seen a doctor or dentist.

For most, the Job Corps has meant a chance to be a productive—and taxpaying—citizen:

- 26,000 hold jobs earning an average of $1.71 per hour.
- 4,500 are back in school to complete an education they have been motivated to seek.
- 3,500 are in the armed services. Many of them had been previously rejected because they failed to meet medical or educational standards.

The Job Corps does not benefit only those it serves. It has developed educational materials now being used by 84 schools across America. Its volunteers have worked on conservation and beautification projects, and public facility improvements. The Job Corps youths, who are themselves poor, send more than $1 million home to their families each month.

While the Job Corps has used the best talents of industry and of universities to design the program and operate the centers, many problems remain. Costs must be reduced and discipline improved. In fiscal 1968, the estimated full-year cost for a Job Corpsman in established centers will be about $6,700—down from an average cost of about $8,400 during the last half of fiscal 1966. This sum will cover food, clothing, transportation, medical and dental care, pay and allowances, as well as the cost of training and education.

The experience we have gained thus far will permit tighter cost controls, firmer discipline, and more effective recruitment and placement. The Job Corps in fiscal 1968 will be even more effective in reaching those young people for whom the road to productive and responsible lives is the longest and hardest.

My budget recommendations include $295 million for the Job Corps Program in fiscal 1968—to educate, train and renew the hopes of some 50,000 young men and women.

VISTA

By this June, more than 4,000 Volunteers in Service to America—VISTA volunteers—will be in the field. They will be living and working in the hollows of Appalachia, on Indian reservations, in migrant camps and city slums—to teach skills, care for the sick, and help people to help themselves.

My budget recommendations for fiscal 1968 include $31 million for the VISTA Program.

No matter how dedicated or skillful, 4,000 volunteers cannot accomplish the thousands of tasks that require attention in America's poor neighborhoods. Neither can a massive flow of dollars and new programs. We will continue to search for ways to enlist still more Americans in part- and full-time service to their fellow man.

OPERATION GREEN THUMB

Hundreds of older unemployed and retired farmers and rural workers have gained in income and in dignity, while contributing to the safety and beautification of State highways, schools, parks, and rural towns through projects like Operation Green Thumb. They have assisted their disadvantaged neighbors to improve their homes and have added their skills to enhance neighboring communities.

I have asked the Director of the Office of Economic Opportunity in cooperation with the Secretaries of Labor and Agriculture, to expand this activity and to develop new ways to provide meaningful public service opportunities for the elderly in rural areas.

RURAL LOAN PROGRAM

The special rural loan program of the Office of Economic Opportunity will assist 13,000 families this year to improve their farms and carry on small businesses. Hundreds of other poor families will be helped to increase their production and marketing capacity by loans made to rural cooperative associations.

My budget recommendations provide for $32 million in loans under this program in fiscal 1968.

A CONCENTRATED EMPLOYMENT PROGRAM

A thriving national economy is critical to our anti-poverty effort. Through private initiative and wise economic policy, our economy is meeting its fundamental test of producing revenue and employment.

It has not always been so. In the period from 1957 to 1959, 1.9 million Americans, new to the job market, sought work. One million of them could not find jobs. Despite prosperity, unemployment increased.

In the last three years, four million Americans joined the work force for the first time. Five and one-quarter million jobs were added to the economy. Unemployment was reduced by 1.25 million.

But economic policy and unprecedented prosperity have not reached thousands of men and women who live in the nation's slums. The Secretary of Labor has investigated the unemployment situation in slums and found that:

- Unemployment rates in the slums are three times the national average.
- Large numbers of people work a few hours of the week, unable to find the full-time work they seek.
- Large numbers work full-time at poverty wage levels.
- Nearly one-third of those who should be employed at self-supporting wages are not.

EED HELP ON:
G PROBLEMS
UNITY AFFAIRS
TH
REATION
OPPORTUNITIES

Neither a high performance economy nor traditional training and employment services have been able to reach these men and women. Some need special counseling and training. Others need special health and educational assistance. All need follow-up assistance until they are permanently placed in a stable job. Even after that, they may need special attention during their first weeks of employment.

I have directed the Secretary of Labor and the Director of the Office of Economic Opportunity, with the assistance of other Federal agencies, to begin immediately a special program using all available resources to provide concentrated assistance to those with the greatest need.

This program will:

- Enlist the active support and cooperation of business and labor organizations at the local level.
- Provide a wide range of counseling, health, education and training services on an individual basis.
- Provide the follow-up assistance necessary to insure that a job once obtained will not quickly be lost.
- Use local community action agencies as the focal point wherever practicable.

I recommend that the Congress appropriate $135 million under the Economic Opportunity Act to support this program to train and put to work up to 100,000 slum residents next year. These funds, together with existing programs, will enable us to provide the special counseling and personal attention necessary to reach these impoverished Americans.

This will be a tough objective to meet. But we pledge to make every effort to achieve it.

WAGE GARNISHMENT

Hundreds of workers among the poor lose their jobs or most of their wages each year as a result of garnishment proceedings. In many cases, wages are garnished by unscrupulous merchants and lenders whose practices trap the unwitting workers.

I am directing the Attorney General, in consultation with the Secretary of Labor and the Director of the Office of Economic Opportunity, to make a comprehensive study of the problems of wage garnishment and to recommend the steps that should be taken to protect the hard-earned wages and the jobs of those who need the income most.

PERSEVERANCE

Poverty cannot be eliminated overnight. It takes time, hard work, money and perseverance.

It has been only two years and three months since we decided to embark upon a concentrated attack on poverty. We have made progress. But victory over poverty will not quickly or cheaply be won.

We do not have all the answers. But we have given a great many people—very young children, restless teenagers, men without skills, mothers without proper health care for themselves or their babies, old men and women without a purpose to fill their later years—the opportunity they needed, when they needed it, in a way that called on them to give the best of themselves.

Millions more Americans need—and deserve—that opportunity. The aim of this Administration is, and will be, that they shall have it.

I urge the Congress to examine these programs carefully, to evaluate their accomplishments, and then to support them fully with the funds necessary to do the job.

IMPROVING THE CONDITIONS OF URBAN LIFE

The needs for jobs and job training, for special education and health care, for legal assistance, are all urgent in the life of the poor. Most often they exist together in the urban slum—isolated from the city of which they are a part.

I shall not elaborate on these conditions. They are familiar to everyone who has looked candidly at the American city. So are some of the things that should be done about them.

In the past few years, we have made a heavy investment in improving the conditions of life in the cities. Federal aid to cities and their citizens has been steadily rising—from grants and direct loans of $3.9 billion in 1961 to $10.3 billion in 1968.

But some of the most promising urban programs are today only authorizations on the statute books. The 89th Congress made them law. It remains for the 90th Congress to give them life.

MODEL CITIES

The Model Cities program, enacted last year, is an attempt to focus a variety of aids—physical and social—on the prob-

lems of the slums and to enlist private and local support to rebuild the blighted areas of America's cities.

It is a comprehensive approach to human problems—involving jobs, education, health facilities, housing.

Fulfilling the purpose Congress proclaimed last year is a necessity. We have inspired the hopes of large and small cities in every State. We have generated in local communities a commitment to excellence as they plan for the future.

I strongly urge the Congress to appropriate the full amount it has authorized for Model Cities in fiscal 1968:

- $12 million for additional planning grants.
- $400 million for supplemental grants to be used in carrying out local model city programs.
- $250 million for urban renewal projects in the Model Cities.

RENT SUPPLEMENTS

The 89th Congress authorized the Rent Supplement Program to enable poor families to live in decent, privately-owned housing.

Only families whose incomes are so low that they are eligible for publicly-owned housing can receive rent supplements—and then only if they are displaced from their homes by governmental action or a disaster, are elderly or physically handicapped, or occupy substandard housing.

With low-rent housing in short supply, it is more important than ever to stimulate construction by private enterprise and non-profit organizations. The Rent Supplement Program authorizes payments that make the construction of low-rent units attractive for builders.

Last year the Congress provided funds to get this program underway. This year it must be expanded.

I urge the authorization of an additional $40 million for the rent supplement program in fiscal 1968.

HOME OWNERSHIP

For many American families, home ownership is a source of pride and satisfaction, of commitment to community life.

Some families with low but steady incomes have become the owners of decent, modest homes. Their well-maintained homes are often in the midst of slum areas. They are frequently sur-

rounded by substandard homes owned by absentee landlords, where poor families pay rent in amounts much higher than would have been required for ownership of a modest home.

We must learn how best to help low-income families own their own homes.

I have directed the Secretary of Housing and Urban Development to carry out, within existing authority, a low-income housing-ownership pilot program, so that these lessons may be learned and converted to public policy on a broad scale.

I am authorizing the Federal National Mortgage Association to use $20 million of its funds to support this program.

The Program will:

- Identify low-income families with the potential to build an ownership equity in a home.
- Provide guidelines to assure the economic soundness of their investment.
- Explore a program to insure low-income families against mortgage defaults and foreclosures that result from loss of health or economic recession.
- Encourage ownership equity to be acquired through self-help in the construction of homes.

New and rehabilitated housing, single-family homes and apartment structures should be included in the program. All forms of ownership should be explored —single-family homes, cooperative and individual apartments.

PROTECTING THE SLUM CHILD

The knowledge that many children in the world's most affluent nation are attacked, maimed and even killed by rats should fill every American with shame. Yet, this is an everyday occurrence in the slums of our cities.

There is no excuse for this national disgrace. The rats' food supply can be eliminated. Garbage can be collected. Harborages can be eliminated. Buildings can be made rat-proof. As this can be done, it must be done.

To help America's cities wipe out this threat to their people's health and safety, *I recommend the Rat Extermination Act of 1967, to launch a major program of rat control and eradication. I will ask the Congress to provide $20 million to initiate this effort in fiscal 1968.*

Under this Act, as part of the broader program of community development, the Secretary of Housing and Urban Development, in cooperation with the Secretary of Health, Education, and Welfare and the Director of the Office of Economic Opportunity, will help cities:

- Establish house-by-house, block-by-block extermination programs in rat infested neighborhoods.
- Provide special concentrated code enforcement assistance to eliminate rats from city slums.
- Provide public education campaigns for residents of slum areas.
- Help provide better garbage collection, eliminate harborages, and take on the necessary self-help measures to protect against rats.
- Build on the experiences in Chicago and Detroit, where slum residents were trained, mobilized and given the tools to conduct a major attack on rats in their infested tenements.

URBAN HOUSING REHABILITATION

Franklin D. Roosevelt said long ago what is still true today: "American industry has searched the outside world to find new markets but it can create on its very doorstep the biggest and most permanent market it has ever had."

Rehabilitation is the key to many of our successful urban renewal programs. It is crucial to the success of the Model Cities Program.

I intend to call together an outstanding group of private citizens from across the country—from business and labor, government and the building industry—to examine every possible means of establishing the institutions to encourage the development of a large-scale efficient rehabilitation industry.

I will ask this group of outstanding Americans to find the best ways to tap the enormous market that exists in rebuilding our cities and to bring the most modern systems and the most advanced technology to this urgent task.

GRANTS FOR METROPOLITAN DEVELOPMENT

Unless metropolitan development is orderly, the public's money will be wasted on public facilities—schools, hospitals, police and fire stations—that are obsolete before they are even completed.

Last year the Congress authorized a new program of twenty percent grants to support orderly development by local communities, working cooperatively in metropolitan areas. These Federal incentive grants supplement ten other Federal grant-in-aid programs that help finance transportation facilities, water and sewer facilities, recreational and other open space areas, libraries and hospitals.

I urge the Congress to provide $30 million in fiscal 1968 for this essential program.

URBAN TRANSPORTATION

The life of a city depends on an adequate transportation system.

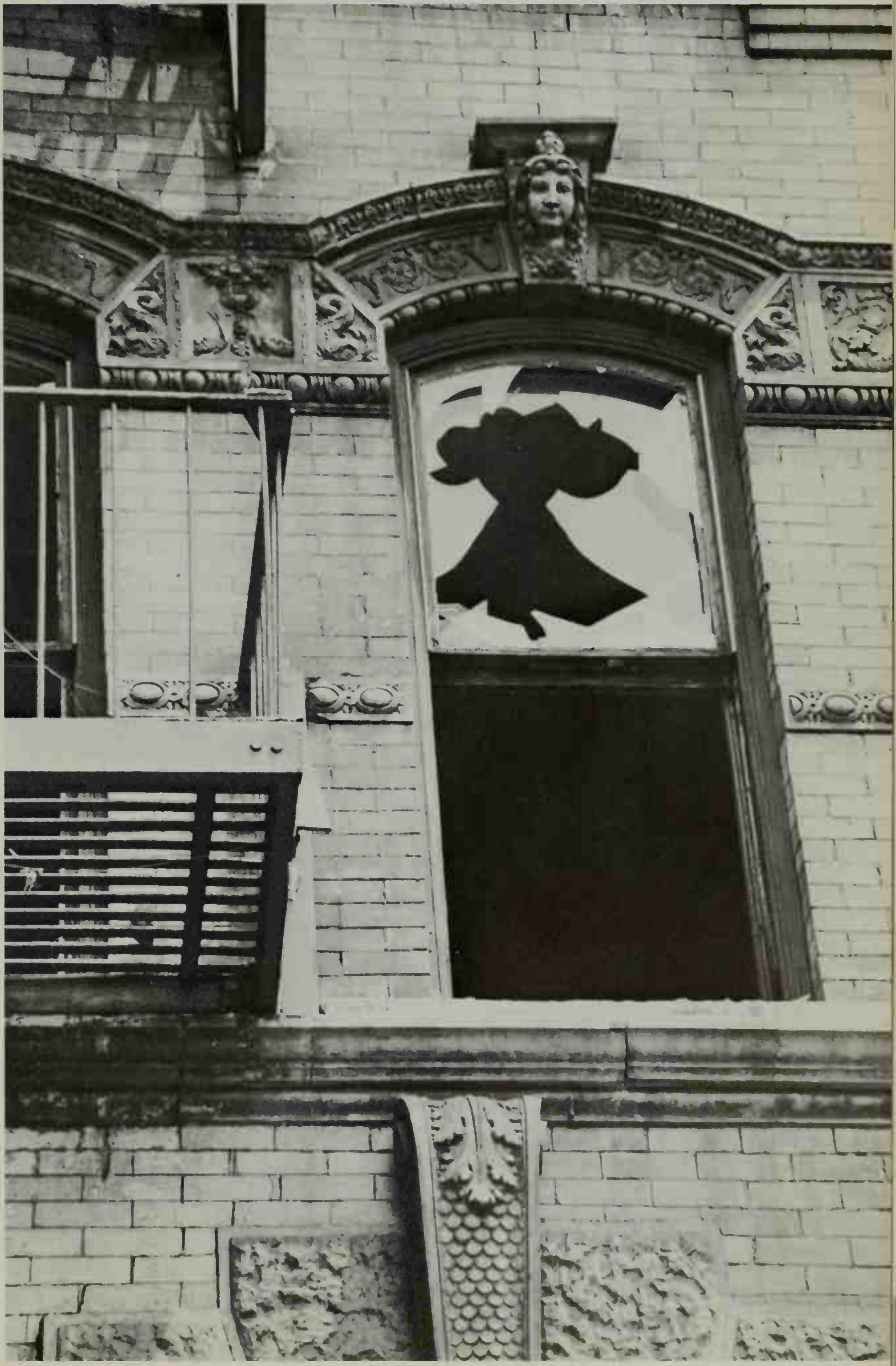
Inefficient transportation increases the costs of local industry, and the prices paid by consumers in local stores. It robs the community's citizens of their leisure time and comfort. It penalizes the physically handicapped and those too poor to own a car.

I recommend that the Congress provide $230 million in advance funds for fiscal 1969 for the construction and improvement of urban mass transportation systems.

To improve public transportation systems and to reduce traffic congestion, *I recommend legislation to authorize the Secretary of Transportation, under the Federal highway program, to participate in the cost of acquiring land and developing public parking facilities on the outskirts of large cities.* This authority would enable the Secretary to promote the multi-purpose use of space over and under expressways and to develop areas alongside of highways for parking terminals.

RESEARCH AND DEVELOPMENT

Less than one-tenth of one percent of our total research and development ex-



penditures in government have been devoted to the field of housing and urban affairs. Yet, 70 percent of our citizens live in urban areas.

This failure to apply scientific resources and methods to an area of such vital importance to American life cannot be permitted to continue.

Today, we can give only partial, insufficient answers to such basic questions as how to build better housing at lower cost, how to move people more rapidly at less cost in congested urban areas.

This year, I ask that we move to build a basic foundation of urban knowledge—in three ways:

First, I recommend legislation to authorize a new Assistant Secretary in the Department of Housing and Urban Development for research, technology and engineering.

Under the new Assistant Secretary, an office for urban research, technology and engineering will be established along lines that have proven successful in other agencies of government. The new office will also serve as a source of information for State and local governments and for private industry.

Second, I am asking the Secretary of Housing and Urban Development to encourage the establishment of an Institute of Urban Development, as a separate and distinct organization. Such an organization would look beyond immediate problems and immediate concerns to future urban requirements, and engage in basic inquiries as to how they may be solved.

Third, I recommend:

- $20 million in fiscal 1968 in funds appropriated to the Department of Housing and Urban Development for general research.
- An increase from $13 to $18 million for other studies and experimentation in the fields of housing, urban development and urban transportation.

PROGRAMS FOR THE RURAL POOR

Men have argued the merits of providing jobs in rural areas to stem the flow of people into the cities, as against providing jobs and training on arrival or training for jobs prior to departure. Whatever the "correct" answer may be to this argument, it seems clear to me that conditions of impoverishment in rural America continue to exist and must be relieved to the extent we know how to relieve them.

We have taken a number of actions that will, in time, produce effective results:

- A National Advisory Commission on Rural Poverty has been established and will submit its report and recommendations to me at the end of the year.
- I have asked the Secretary of Agriculture and the Director of the Bureau of the Budget to review all existing Federal programs to insure that rural areas receive an equitable share of their benefits.
- The Secretary of Agriculture has been given responsibility to identify development problems in rural areas which require the cooperation of various Federal departments, so that these programs may be better coordinated and duplication eliminated.

But much more needs to be done.

PLANNING AIDS FOR MULTI-COUNTY AREAS

This is no longer a nation of small towns and communities which can develop independently. Improved transportation and modern communications have created a larger concept of community. Its boundaries are not marked by any arbitrary political lines, but by the commuting distance to available jobs.

Many States have recognized this, and have established multi-county planning and development areas. Others are doing so. In many cases, rural community action agencies—organized on a multi-county basis—serve the same purpose.

But many rural communities lack the means to form multi-county development districts. Many lack the personnel trained in planning broad social and economic programs. Others lack the resources to enable them to plan effectively.

I recommend that the Congress amend the Housing Act of 1954 and authorize $20 million to provide:

- Grants to States by the Department of Housing and Urban Development of up to two-thirds of the cost of technical assistance to and comprehensive planning by official multi-county planning agencies in non-metropolitan areas, including multi-county community action agencies.
- Technical assistance to the multi-county planning agencies by the Department of Agriculture.

INCREASING OUR PUBLIC INVESTMENT

For many rural areas, a relatively small public investment will return substantial increases in opportunity for the local people.

I recommend legislation to remove the annual ceiling on insured loan authority for rural community water and waste disposal systems.

Eliminating the existing $450 million limitation on lending authority for this program will permit more rapid completion of the water and waste disposal systems rural America needs for economic development.

I also recommend legislation to expand the provisions of the existing loan programs to permit farm owners or their tenants to shift the entire use of farm land with adequate recreation potential from agricultural production to income-producing recreation enterprises, as part of comprehensive land-use plans for rural and neighboring urban areas.

This program would permit better use of scarce land resources, provide better opportunities for some farmers now using poor farm land for crop purposes and furnish urgently needed recreation facilities for our population.

MIGRANT FARM WORKERS

Migrant farm workers are among the forgotten Americans. Their wages are low, their employment uncertain, and their housing and working conditions deplorable. Though their needs are great, they often find it impossible to obtain social services available to other poverty-stricken Americans.

Because of residency requirements, migratory farm workers are barred in many States from receiving public assistance, vocational rehabilitation, and other welfare services. Disabled workers and their families are often not served —even when otherwise eligible—because of their relatively brief period within a State.

I recommend a five-point program for these forgotten Americans:

1. *Legislation to provide 90 percent Federal reimbursement for vocational rehabilitation services for disabled migratory farm workers.* The Secretary of Labor will develop a system for identifying migratory farm workers who would be considered for benefits under this program.

2. *Amendments of the public assistance law to authorize pilot projects to provide temporary public assistance and other welfare services for migratory farm workers and their families, who are now barred by residence requirements from receiving these services.*

3. *A 25 percent increase—from $28 to $35 million—in funds to provide:*

—Special educational services for more than 170,000 migrant children.

—Health services for about 280,000 migratory workers and their families.

—An expanded self-help housing program for the construction of 2,000 housing units.

4. *Amendment of the Unemployment Insurance laws to provide benefits for workers employed on large commercial farms.*

5. *Extension of social security benefits to 500,000 farm workers by reducing from $150 to $50 the amount which must be earned from a single employer each year.*

FINISHING THE NATION'S BUSINESS

It is difficult for most Americans to understand what it is to be desperately poor in today's affluent America. More than half our population was born after 1940. Less than half can remember the depression on the farms of the twenties, or the bread-lines of the thirties. "The Grapes of Wrath" is ancient literature—not a living record—to most Americans.

Yet for more than 31 million Americans, poverty is neither remote in time, nor removed in space. It is cruel and present reality. It makes choices for them. It determines their future prospects—despite our hope and belief that in America, opportunity has no bounds for any man.

Poverty was universally tolerated until a century or so ago. But like disease, war and famine, it gained nothing in acceptability because it was prevalent. As soon as men saw that they might escape it, they fought and died to escape it.

Poverty denies to most of those born into it a fair chance to be themselves, to be happy in life. Federal funds or services, and the opportunities they provide, cannot permanently free a man from the trap of poverty if he does not want to be free. He must use the ladders that circumstance, native ability, and his Nation may create.

Let it be said that in our time, we pursued a strategy against poverty so that each man had a chance to be himself.

Let it be said that in our time, we offered him the means to become a free man—for his sake, and for our own.

The President and the Cabinet.

THE AMERICAN PARTNERSHIP

Message on The Quality of American Government, March 17, 1967

To the Congress of the United States:

THE BACKGROUND

History will say this of America—that it established a community of freedom and order, preserved and perfected the concept of democracy, and enriched the lives of its citizens—all under a rule of law.

The law is our instrument for developing our society along that vision of government which was the dream of our fathers and is the hope of our sons.

It is only part of the total instrument, however. The rest of that instrument is the institutional machinery which enables law to work in response to the will of the Congress and the people. It is a condition of any law that its effectiveness must be judged by its administration.

The machinery of our Government has served us well. It has been the vehicle of the greatest progress and prosperity any nation has ever achieved.

But this record should give us no cause for complacency. For any realistic review today reveals that there are substantial improvements to be made.

- Further reorganization of the Executive Branch would make possible more effective government;
- Administration of programs which are the joint responsibility of Federal, State and local governments should be strengthened;
- At every level of government, steps must be taken to assure a steady flow of qualified and trained managers and administrators for the years ahead;
- We must pursue our efforts to expand the modern techniques which already are at work to reduce costs and improve the efficiency of government.

GOVERNMENT REORGANIZATION

Government's relative simplicity did not demand many major reforms in administrative machinery until this century, with the great changes it brought to our society. Then Presidents beginning with Theodore Roosevelt began finding and reporting to the Congress obsolescence which hampered the efficient execution of the Nation's policies.

In 1937, Franklin Roosevelt and the 75th Congress were still harnessing the resources of government to continue the rout of the great depression which had threatened to overwhelm the country. President Roosevelt submitted to the Congress a recommendation for reorganization legislation with these words: "A government without good management is a house built on sand."

Little more than a decade later, under President Truman's Administration, a distinguished Commission headed by former President Herbert Hoover looked deeply into the need for reorganization and sounded the same warning:

> ". . . The highest aims and ideals of democracy can be thwarted through excessive administrative costs and through waste, disunity, irresponsibility, and other byproducts of inefficient government."

Since those words were spoken, the machinery of American government has undergone many changes.

Two major ones have been accomplished in this Administration:

- In 1965, the 89th Congress established the Department of Housing and Urban Development, which brought the hope of renewed life for our cities.
- In 1966, the same Congress provided the mechanism for straightening out our transportation lifeline by establishing the Department of Transportation.

In addition, in the same two-year period we have completed 10 additional reorganizations to consolidate programs and strengthen functions. I have submitted two new reorganization plans so far this year.

We have not reached the end of the reorganizations which are required if we are to adapt our government structure to the changes which have been taking place in our national life. Nor will we reach it soon.

Having undertaken major reorganizations in the fields of housing and community development, transportation, and water pollution, *we must now carefully consider the question of how our government can better be organized to achieve its major economic objectives.*

In my State of the Union Address, and later in my Budget and Economic Messages to the Congress, I proposed the creation of a new Department of Business and Labor.

For ten years, beginning in 1903, Labor and Commerce existed jointly as the 9th Cabinet office in the United States government.

Then in 1913, President William Howard Taft, on his last day in office, signed the Act which made them separate departments. The legislation which accomplished this was enacted in response to a growing belief that workers would be benefited by a voice distinctly their own in the highest councils of government. Woodrow Wilson, the incoming President, expressed concisely the public's understanding of the action that had been taken. "The Department of Labor," he said, "was created in the interest of the wage earners of the United States."

The concept of two departments representing the separate—and sometimes diverse—voices of business and labor in the government family fitted the needs of the America of more than a half century ago, and in diminishing degree that of the decades which followed.

THE CHANGING CONDITIONS

The years with their changing conditions brought an increasing alteration of that concept. In the America which exists today, the concept has, I believe, lost much of its force.

- Labor unions are no longer small and weak, struggling to achieve their legitimate aims. More than 18 million Americans are today members of organized labor groups.
- Business is no longer principally confined to local firms operating in local markets. The complex mix of regional, national, and international markets involves the interests of all industries.
- In a growing range of federal programs—particularly those which relate to manpower training, regional and area economic development, and international trade—business and labor have a common interest and a vast potential for cooperative action.

Except for their names, the Departments of Commerce and Labor are not the same departments as those which existed in the past. Both were once almost exclusively involved with statistical and information programs and regulatory activity.

Today a major part of the efforts of the Department of Commerce is directed toward economic development and the promotion of international trade.

Today a major part of the efforts of the Department of Labor is directed toward the training and development of manpower.

Conversely, there are many activities directly concerning industry and labor which are not in either Department.

My proposal for a new Department was designed not merely to merge the existing Departments of Commerce and Labor.

It envisioned the establishment of a single institution to unify the management of government programs which affect the economic health of the Nation.

Among its other functions it would be the federal agency responsible for:

- Manpower training and regional economic development;
- The promotion of international trade;
- Labor-management relations;
- The principal collection and analysis of economic data;
- Technological and science services; and
- A wide range of other services to both industry and labor.

An important further consideration is that the new Department would add a strong voice to the formulation of economic policy in government and would be the chief instrument for carrying out national policies affecting industry and labor. Its Secretary would be one of the primary Presidential advisers on matters affecting the entire range of national economic problems.

Finally, its unified system of field offices in local communities and cities across America would provide vital services to the worker, the businessman, and industry.

A VITAL FORCE

I strongly believe that, in the years ahead, the new Department will be a vital force for the prosperity and progress of a growing Nation.

Since I first suggested the desirability of creating a new Department, my advisers and I have consulted members of Congress and a wide cross-section of industry and labor representatives.

Many have expressed their belief that the new Department would be a distinct and necessary improvement over existing arrangements.

But others, agreeing that the new Department offered substantial advantages, have voiced the concern that abolition of the separate Departments of Commerce and Labor might inhibit the free flow of communication between government and the communities of business and labor. Separate departments with their well-established channels of communication, many believe, continue to offer the best assurance that business and labor leaders will be able to present to the federal government their views on matters vitally affecting their interests.

I remain convinced that the establishment of a new Department would in no way diminish the legitimate voice of business and labor in the councils of the Nation.

Neither of these groups today depends on a special department to make its voice heard. Indeed neither uses a single channel of communication. The interests of both interweave so thoroughly through the entire fabric of government that no single agency can adequately serve the interests of either. Nonetheless, I respect the considerations which lie behind those views to the contrary.

In our democratic society, those whose lives and interests are affected by government policy must be assured full participation in the processes which lead to executive decision.

That is why I believe that further active development of my proposal is necessary before it can be submitted to Congress.

The mechanism by which this can best be achieved is available to us. It is the President's Advisory Committee on Labor-Management Policy. The Committee is composed of the Nation's wisest and most outstanding businessmen, labor leaders and members of the public. When it was established by Executive Order in 1961, President Kennedy expressed this hope:

> ". . . that the advice of this Committee will assist the Government, labor, management, and the general public to achieve greater understanding of the problems which beset us in these troubled times and to find solutions consistent with our democratic traditions, our free enterprise economy, and our determination that this country shall move forward to a better life for all its people."

I am asking the President's Advisory Committee on Labor-Management Policy to consider the proposal in all its aspects, and particularly to develop means to assure that a free flow of communications will be maintained between the government and the business and labor communities, both through the new Department and other governmental channels.

No matter which has come before the Committee in the six years of its existence is more important than that now committed to it for consideration.

I shall await the advice of this Committee before taking further action.

EFFICIENCY IN GOVERNMENT

Every citizen has the right to expect full value for his tax dollar. This is a clear principle I set forth in my first days in office. It is a principle which I reaffirm today.

The management objectives of this Administration rest on a pursuit of this principle. In all of our programs, we endeavor to:

- Obtain the greatest benefit for each dollar spent.
- Operate at the minimum cost for every service rendered.

Economy in government does not mean ignoring new needs or old problems. When that occurs economy becomes stagnation. But economy becomes the companion of progress when we avoid overstaffing of government agencies, eliminate duplication and poor management, and discard what is obsolete and inefficient.

Seeking to improve the quality of American life, we are also improving the quality of government. We are now making the machinery of government

ENCOURAGEMENT TO ECONOMIZE
President Johnson presenting an award to a serviceman for a cost reduction suggestion.

more effective with two new management tools.

1. Planning - Programming - Budgeting System (PPBS)—More than a year and a half ago we began to apply a modern system of planning, programming, and budgeting throughout the federal government.

This system—which proved its worth many times over in the Defense Department—now brings to each department and agency the most advanced techniques of modern business management.

Analyzing other federal programs from child development to tax administration, this system is forcing us to ask the fundamental questions that illuminate our choices.

For example, how can we best help an underprivileged child break out of poverty and become a productive citizen? Should we concentrate on improving his education? Would it help more to spend the same funds for his food, or clothing, or medical care? Does the real answer lie in training his father for a job, or perhaps teaching his mother the principles of nutrition? Or is some combination of approaches most effective?

Under PPBS, each department must now:

- Develop its objectives and goals, precisely and carefully;
- Evaluate each of its programs to meet these objectives, weighing the benefits against the costs;
- Examine, in every case, alternative means of achieving these objectives;
- Shape its budget request on the basis of this analysis, and justify that request in the context of a long-range program and financial plan.

This new system cannot make decisions. But it improves the process of decision-making by revealing the alternatives—for decisions are only as good as the information on which they are based.

PPBS is not costly to operate, but the dividends it will yield for the people of America are large.

The system has taken root throughout the government, but it will not be able to function fully until more trained men and women, more data, better cost accounting and new methods of evaluation are available.

To continue this vital work I urge that Congress approve the funds for PPBS requested in the budgets of the various federal agencies.

2. Cost Reduction—As we take these steps to improve our programming and budgeting system, we also are continuing an unremitting drive to reduce the government's cost of doing business.

The cost reductions we are achieving are more than bookkeeping entries. To the taxpayer, they mean real savings, now running into the billions of dollars.

- The Defense Department saved $4.5 billion in fiscal 1966 as a result of actions taken over the past several years.
- The civilian agencies saved $1.2 billion from steps taken in fiscal 1966 alone, and hundreds of millions of additional dollars as a result of actions taken in prior years.

These economies were not easily achieved. They came from the efforts of men and women in all our agencies, who represent the real force of government. They are the consequence of a wide range of actions—the elimination of unnecessary paperwork, the improvement of purchasing methods, the closing of obsolete military bases. Some of these savings are small. Others run into the millions. All are important, for the saving of a single dollar is important. These are some recent examples:

- Engineers in the Commerce Department found ways to reduce by half the number of Tiros Weather Satellite launches, saving $15 million, without reducing program effectiveness.
- Contracting and management experts at the Post Office devised rigorous procurement procedures and consolidated a number of small post offices, saving almost $10 million.
- Medical specialists in the Department of Health, Education, and Welfare developed a technique to rotate inventories of perishable drugs, saving over $5 million.
- Scientists at a NASA test center developed a stainless steel rod that performed its mission more reliably than a more costly cadmium rod, saving $20,000.

To broaden and strengthen the federal government's drive for economy and efficiency in all its operations, I will issue an Executive Order establishing an Advisory Council on Cost Reduction.

The Secretary of Defense, the Chairman of the Civil Service Commission and the Administrator of General Services will serve on the Council. It will be chaired by the Director of the Bureau of the Budget. I will also appoint other members from the Executive Branch, from private industry and from the public.

This Council will review our cost reduction programs, explore the opportunities for increased savings, draw on wisdom and experience of business and labor leaders, and report periodically to me.

THE PUBLIC SERVICE

Government is personal.

It is as compassionate and vibrant—or as ineffectual and spiritless—as the men and women who shape the laws, who make the decisions, who translate programs into action.

Andrew Jackson once said that the duties of all public offices were "plain and simple." We have journeyed far since then.

Today's public servant—at all levels of government—is a servant of change. He works to make the American city a better place to live. He strives to increase the beauty of our land and end the poisoning of our rivers and the air we breathe. In these and countless other ways he seeks to enlarge the meaning of life and to raise the hopes and extend the horizons for all of us.

The work to be performed in the years ahead will summon trained and skilled manpower in quantities—and quality—we have never needed before.

Within the federal government, we are making careers more attractive. Since I became President, I have proposed and you in the Congress have approved pay increases in each of the past 3 years for federal workers, raising salary levels by an average of 12%. The new Executive Assignment System begun last year will re-shape the upper civil service so that talent is readily recognized and excellence is fully rewarded.

Later in this session of Congress, I shall submit additional proposals to enable the government to attract and retain the public servants it needs.

But nowhere is the magnitude of government manpower greater—and the accompanying challenge more critical—than at the State and local levels. Consider the following:

- Between 1955 and 1965 employment in State and local governments increased from 4.7 million to 7.7 million, or four times the rate of growth of employment in the economy as a whole.
- By 1975, State and local government employment will grow to more than 11 million.
- Each year, from now through 1975, State and local governments will have to recruit at least one quarter of a million new administrative, technical, and professional employees, not including teachers, to maintain and develop their programs.

The President recognizes excellence in government.

- One out of every three of the Nation's municipal executives, and one out of every two municipal health directors will be eligible for retirement within the next 10 years.
- There will be 2 vacancies for each new graduate of a university program in city and regional planning.

These statistics show that States and local governments are flourishing as they never have before. But they also contain a clear signal that in the chain of Federal-State-local relationships, the weakest link is the emerging shortage of professional manpower.

We can strengthen that link, or later pay the price of weakness with inefficient government unable to cope with the problems of an expanding population.

I believe we should take positive action now.

I recommend two legislative proposals to improve the quality of government in the years ahead—the Public Service Education Act of 1967 and the Intergovernmental Manpower Act of 1967.

My fiscal 1968 budget includes $35 million for these proposals:

- $10 million for the Public Service Education Act, and
- $25 million for the Intergovernmental Manpower Act.

These measures are demanding. They will require the support of Congress, the Executive Branch, State and local governments, our colleges and universities and private organizations.

They recognize that the key to effective action remains with the States and local governments.

The Public Service Education Act of 1967—This legislation has a single clear goal: to increase the number of qualified students who choose careers in government.

The measure would authorize the Secretary of Health, Education, and Welfare to provide fellowships for young men and women who want to embark on the adventure of government service.

It would provide support to universities seeking to enrich and strengthen their public service education programs.

This financial assistance can be used to support a broad range of activity including:

- Research into new methods of education for government service;
- Experimental programs, such as study combined with part-time public service;
- Plans to improve and expand programs for students preparing for government careers;
- Training faculties, establishing centers for study at the graduate or professional level, conducting institutes for advanced study in public affairs and administration.

The Intergovernmental Manpower Act of 1967—This legislation is designed specifically to deal with the varied manpower needs of State and local governments.

It would authorize the Civil Service Commission to:

- Provide fellowships to State and local government employees.
- Make grants of up to 75% to help State and local governments develop and carry out comprehensive training plans and strengthen their personnel administration systems.

It would allow federal agencies to admit State and local employees to federal training programs, and to provide additional assistance for those employees who administer federal grant-in-aid programs.

Across America, many men and women of skill and vision work in State houses and city halls.

Their knowledge and experience can help us. And we are prepared to bring the special experience of federal employees to the local level.

The Intergovernmental Manpower Act would allow federal workers to take assignments in State and local governments for periods up to 2 years, with full protection of job rights and benefits. In addition, the federal agencies would be able to accept State and local employees for assignments of equivalent periods.

This proposal, I believe, fills a vital need. The mutual interchange of ideas and perspectives will benefit all echelons of government.

THE FEDERAL SYSTEM

Shaped by our Founding Fathers, the federal system has withstood a test of time and experience they could never have foreseen.

It has been adapted to a complexity of government functions unknown and unanticipated in the simpler times of its creation.

Today the federal system rests on an interlocking network of new relationships and new partnerships among all levels of government.

That structure is elaborate. It consists of 50 States, over 3,000 counties, 18,000 municipalities, more than 17,000 townships, and almost 25,000 school districts, all of which employ more than 7 million people with a monthly payroll of nearly $5 billion.

Every American is served through these units of government.

In shaping programs to meet the needs of modern-day America, several factors have emerged which have important consequences for our Federal system:

First, many of the problems we are dealing with are national in scope, requiring national strategies to attack them. But these problems exist in communities and neighborhoods, so their solutions must be tailored to specific local needs.

Because broad national strategy must be fused with local knowledge and administration, the Executive Branch and Congress have chosen to operate through the mechanism of the grant-in-aid. The 1968 budget provides $17 billion in Federal grants-in-aid to States and local government. These range from old age assistance to infant care, from housing development to highway construction.

During the past three years, we have returned to State and local governments about $40 billion in grants-in-aid. This year alone, some 70 percent of our Federal expenditures for domestic social programs will be distributed through the State and local governments. With Federal assistance, State and local governments by 1970 will be spending close to $110 billion annually. As I said in my 1967 State of the Union Message, "these enormous sums must be used wisely, honestly, and effectively."

Second, attacking the major ills of our society—poverty, crime, pollution, and decay—requires the interaction of many agencies working together at different levels of government. Coordinating and marshaling their efforts is a demanding challenge.

Third, many of the problems transcend established boundaries. Air and water pollution, for example, respect no State or municipal lines. Neither does mass transit—with commuters moving in and out of central cities and across different borders. Many of our programs, therefore, have resulted in new groupings and councils of old jurisdictions working together for the first time.

Careful study of these key factors reveals the need to strengthen the federal system through greater communication, consolidation, consistency, and coordination.

Better Lines of Communication—All levels of government must be able to communicate with each other more frequently and freely than they ever have before.

The President addresses the Conference of Governors on Federal-State relations, March 18, 1967.

This does not require an Act of Congress. It simply requires an "open door" policy—a willingness by all who participate in the adventure of cooperative government to sit together to discuss their common problems.

The door of discussion will always be open in the federal government to the mayor of every city and the governor of every State.

I have invited and met with the Governors or substantial groups of them on at least seven separate occasions.

I have repeatedly assured each Governor that top officials of the Executive Branch stand ready to brief him and to visit his State Capital to discuss matters of mutual concern.

Over the past several weeks, a team of Government officials headed by Governor Farris Bryant, Director of the Office of Emergency Planning, has accepted the invitations extended by 16 Governors and visited their State Capitals, where full and frank discussions with the Governors on the problems of Federal-State relationships have been carried on. Additional visits are planned in the weeks ahead.

I have extended invitations to the Governors of every state to come to the Nation's Capital this Saturday to meet with me and members of my Cabinet for discussions and briefings, and to exchange ideas on how the ties between the Federal Government and State and local governments can be strengthened.

In addition, *I have directed the heads of all departments and agencies to consult on a frequent and systematic basis with governors, and mayors, and other local officials in development and administration of federal programs.*

I have requested the .Vice President and Governor Farris Bryant, Director of the Office of Emergency Planning, to confer with State and local officials whenever problems of intergovernmental relations arise.

Consolidation of Grant-in-Aid Programs—There are today a very large number of individual grant-in-aid programs, each with its own set of special requirements, separate authorizations and appropriations, cost-sharing ratios, allocation formulas, administrative arrangements, and financial procedures. This proliferation increases red-tape and causes delay. It places extra burdens on State and local officials. It hinders their comprehensive planning. It diffuses the channels through which federal assistance to State and local governments can flow.

There are several steps we should take to help remedy this situation.

The first step is to simplify procedures for grant application, administration and financial accounting.

A local health program, for example, may draw upon separate federal grants-in-aid for child health, training of health personnel and mental health. Similarly a governor often wishes to focus several related federal grant programs upon a single complex problem.

At the present time it is usually necessary for the governor or mayor to submit separate applications and follow separate financial and administrative procedures for each such federal grant.

Initially, we should make it possible, through general legislation, for federal agencies to combine related grants into a single financial package thus simplifying the financial and administrative procedures—without disturbing, however, the separate authorizations, appropriations, and substantive requirements for each grant-in-aid program.

The development of a workable plan for grant simplification will demand careful preparation. The statutes involved are varied and complex.

I have instructed the Director of the Bureau of the Budget, in cooperation with the federal agencies concerned and representatives of the States and local governments to form a joint Task Force to develop such a plan. The Task Force will report to me within one month. I will then submit to the Congress the necessary legislation to simplify our grant-in-aid procedures.

Beyond administrative and financial consolidation, an even more fundamental restructuring of our grant-in-aid programs is essential.

Last year's "Partnership for Health" Act pointed the way. With that measure Congress combined into a single package a number of health grants. It established for these activities a single set of requirements, a single authorization and a single appropriation.

I have requested the Director of the Bureau of the Budget to review the range of federal grant-in-aid programs to determine other areas in which a basic consolidation of grant-in-aid authorizations, appropriations, and statutory requirements should be carried out.

As that review is completed, I will seek the necessary legislation to combine and modernize the grant-in-aid system, area by area.

Consistency and Coordination—Each major federal department and agency works through a series of regional or field offices. These offices are the vital links between Washington and people in States, cities and townships across

America. Whether our programs are effective often depends on the quality of administration in these field offices.

Yet, for all their importance, there has been only infrequent critical analysis of their roles and performance.

The cause of intergovernmental cooperation is poorly served when these offices are out of touch with local needs, or when their geographic boundaries overlap or are inconsistent.

I have asked the Director of the Bureau of the Budget to undertake a comprehensive review of the federal field office structure and to develop a plan to assure the most effective use and location of these offices.

I have asked him to recommend a plan for the restructuring of these offices, and I hope to incorporate the first steps of this plan in my next budget message.

STATE AND LOCAL ACTION

Our federal system is strong. It is the best instrument we have—or any nation has ever had—for joint action.

If we observe strains in the workings of that system, they are natural consequences of the great stirring of governmental action at all levels to cope with acute problems. When governments do nothing, when they are oblivious to the needs of the times, there is an illusion of order. It is an illusion both costly and disastrous.

But to survive and serve the ends of a free society, our federal system must be strengthened—and not alone at the national level.

Some State and many local jurisdictions maintain planning, budgetary and statistical systems unchanged since the nineteenth century. Obsolete and arbitrary fiscal restraints increase pressures for federal action in areas where State and local communities themselves should assume responsibility.

I particularly urge governors and mayors to take advantage of the channels of communication which I mentioned previously. I urge the governors to utilize that provision of the Model Cities Act which encourages, and helps to finance, the establishment of State centers for information and technical assistance to medium-sized and smaller communities.

Two years ago, discussing the challenges which the improvement of our society poses, I said, "The solution to these problems does not rest on a massive program in Washington. . . ." I repeat those words today, with an emphasis even stronger.

No nation so great as ours can develop the society its people need if the federal government evades its responsibility. This government has not and will not. But neither can such a nation hope to succeed on the strength of federal action alone.

We began as a nation of localities. And however changed in character those localities become, however urbanized we grow and however high we build, our destiny as a Nation will be determined there.

Just as the effectiveness of every law must be gauged by its administration, many programs must succeed—or fail—in the local health department or school board or urban renewal office or community action agency which turns it from plan to performance.

CONCLUSION

Because of the social and economic legislation passed by the 88th and 89th Congresses—legislation unmatched in all the annals of our history—this Nation now has programs which can lift the quality of American life higher than any before us have known.

What remains for us now is to improve the quality of government itself—its machinery, its manpower, its methods—so that those programs will touch and transform the lives of the people for whom they were intended.

The processes of government are vast, as is the Nation itself. But its vastness—and its strength as well—comes from the diversity of its many parts.

The partnership which links every level of our government is the genius of our system as that system took life under the Constitution.

We have never achieved perfection in that partnership any more than we have achieved perfection in the society it serves. But we have never stopped reaching for both, nor will we, even though the effort to improve each must now be accelerated in the intensity of change.

Only our traditions and our goals remain unchanged. So long as we are faithful to these, we must pursue and endeavor as best we can to perfect the partnership which enables government to work—the partnership between the Executive Branch and the Congress, between the federal government and the States, between both and the local communities.

It is in the interest of this continued partnership, and in the spirit of hope it generates, that I present this program to the Congress and the Nation today.

EXCELLENCE IN THE PUBLIC SERVICE

Message on Federal Pay and Postal Rates, April 5, 1967

To the Congress of the United States:

Two weeks ago in my Message to the Congress on the Quality of American Government, I stated:

> "The machinery of our Government has served us well. It has been the vehicle of the greatest progress and prosperity any nation has ever achieved.
>
> "But this record should give us no cause for complacency. For any realistic review today reveals that there are substantial improvements to be made."

Today I ask the Congress to take two vital steps to help bring about those improvements:

1. *Increase the salaries of Government employees.*

2. *Increase postal rates and improve postal services.*

In America we demand the highest level of excellence in the public service. If we expect high quality,

- We must be able to attract and keep highly competent career employees.
- We must be willing to give them the machinery they need to do an effective job.

SALARY INCREASES

Through the years, this Nation has built a corps of public servants whose quality is unmatched by any other country in the world.

Our career employees are well-trained and experienced. In ever-increasing numbers, they are skilled professionals. They include not only administrators and managers, but doctors, lawyers, diplomats, economists, scientists, engineers, actuaries, systems analysts, law enforcement officers, nurses—and many others critically needed to provide public services in a complex world.

These men and women come to the public service not by chance, but by choice. They come because they are challenged by problems that are far-reaching—and fateful. They come because Government offers unique opportunities for unselfish service.

From them, we expect unusual dedication. In turn, they have a right to expect from their Government rewards that match their contributions.

We have made great progress recently toward a pay scale which approaches that of private industry. Since 1962, civilian employees have received pay increases amounting to more than 23 percent. We have improved retirement and other fringe benefits so that they now compare favorably with benefits in private industry. There have been corresponding increases in military pay, and fringe benefits have been improved substantially.

Yet we still fall short of comparability with private industry. The Annual Report of the Chairman of the Civil Service Commission and the Director of the Bureau of the Budget describes the gap which remains between Government and industry pay scales. I am transmitting that Report to the Congress today with the renewed conviction that this gap must be closed.

To close this gap in one year would require an average pay increase of 7.2 percent. With a similar increase for the armed forces, the cost would be more than $2.5 billion per year.

In view of today's fiscal and economic conditions, my advisers inform me that a pay raise of this magnitude would not be prudent. While inflationary pressures in the economy have lessened in recent months, they have not disappeared. They could easily recur. We must therefore continue to seek restraint in private wage settlements and to exer-

cise restraint in the operations of Government.

But a pay raise for the Government's employees clearly is needed. We must avoid placing the Government at a serious disadvantage in recruiting and retaining competent workers—and we must keep faith with our employees.

To do so requires that we achieve comparability with private pay levels—and that we do it in a way which does not endanger our unparalleled economic prosperity.

As President Kennedy said five years ago, "to pay more than this is to be unfair to American taxpayers—to pay less is to degrade the public service and endanger our national security."

I recommend a 4.5 percent pay increase for civilian employees effective October 1, 1967.

I recommend that the Congress take the final step this year to achieve full comparability with private industry. I propose a two stage plan to remove the remaining comparability lag in all grades by October 1, 1969. The first step would take effect in October 1968 and the second a year later.

For our military personnel, pay alone can never reflect the full measure of our debt. On the battlefields, in outposts where there is tension but no battle, in the vast defense installations of our country, these men and women protect our national security. We must assure them and their families that they will be compensated for their service on a scale which is comparable to that of their 2.5 million civilian co-workers. As civilian pay goes up, so should the pay of the Armed Services.

I recommend an increase in regular military pay similar to the raise for civilians—an average 4.5 percent effective October 1, 1967.

This year the Secretary of Defense has been conducting a searching review of the principles underlying the military compensation system. When these studies have been completed, I will recommend further changes in the Armed Forces pay system.

We must also take steps to ensure the adequacy of salaries for top officials in the Legislative, Judicial and Executive Branches of the Government. To this end, I have established a special Commission headed by Frederick R. Kappel to study executive pay in the three branches of the Federal Government. When I have reviewed its report, I will make recommendations for appropriate adjustments in these areas.

Salary reform for the government of an increasingly complex and ever-changing society is never complete. The entire structure and interrelationships of all Federal pay systems, civilian and military, should be continually reviewed and improved. The adequacy of the basic pay system itself must be periodically re-examined.

I recommend that a special Joint Salary Commission, representing the Executive, Legislative, and Judicial Branches, be established to examine all Federal pay systems and report to the President and Congress within two years.

POSTAL RATES AND SERVICES

The Postal Service is the key link of the Nation's commerce. It is also the personal communications network of some 200 million private citizens. It must be responsive to the needs of the public and the needs of the business community.

That system now bears a tremendous

Postmaster General O'Brien and top staff plan better mail service.

burden. Each year the Post Office Department processes as much mail as the rest of the world combined. To cope with the great outpouring of mail created by our country's increasing social and economic activity, we must have a modern, highly mechanized postal service.

We do not have such a postal service today.

The Post Offices in many of our major cities were built during the 1930's—built to handle between 25 and 30 billion pieces of mail a year. This year, nearly 80 billion items will move through the postal system. Next year still another 3 billion pieces of mail will be processed. If this growth rate continues, mail volume will exceed 100 billion pieces a year by 1976.

These figures make it dramatically clear that we must remodel old Post Offices and build new facilities. We must equip them with modern, high-speed mail processing machines—the most efficient our Nation's technology can produce.

We have made a good start in the past few years on modernizing and mechanizing the Postal Service. That pace must now be quickened. We must place even greater emphasis on research, engineering and new technology. We must intensify our efforts to enlist the support of all Americans to increase their use of the ZIP Code.

In the 1968 Budget I have recommended more than $300 million for postal modernization. This represents a 40 percent increase in expenditures for research and engineering and a 46 percent increase in funds for plant and equipment.

These are substantial increases. But they are fully justified by the planning that has preceded them and the size of the task that lies ahead.

To keep pace with the demands of a growing Nation, we must also modernize the postal rate structure. We must bring postal revenues into line with operating costs.

Present rates do not provide sufficient funds for necessary improvements in postal facilities and equipment. *Indeed, present revenues do not even cover normal operating costs.*

For fiscal 1968, the Post Office Department deficit will be about $1.2 billion—and this does not include the pay increase I am recommending today. Less than half of this deficit is attributable to the "public service" functions of the Department.

Yet the Postal Policy Act of 1958 calls for postal revenues "approximately equal" to operating costs after public service expenses have been deducted.

I recommend that the Congress increase postal rates for all classes of mail:

- *First class and airmail:* a one cent increase in postage for cards and letters sent first class or airmail, effective July 1, 1967.
- *Second class:* an average increase of

22 percent for all categories of second class mail, phased over a three-year period beginning January 1, 1968.

- *Third class:* an average increase of 28 percent for all categories of third class mail. The rate increase for single pieces of mail will go into effect July 1, 1967 and the bulk rate increase on January 1, 1968.
- *Fourth class:* an average increase of 21 percent for special-rate fourth class mail (mainly books and records), effective July 1, 1967.
- *A special surcharge* on odd-sized envelopes which cannot be processed by postal machinery. This surcharge, which will go into effect in two years, is designed to discourage the use of envelopes which cannot be rapidly processed through postal machinery.

The rate increases for second and third class bulk mail would have been substantially higher and would have been needed sooner if the ZIP Code presorting regulations had not become effective on January 1 of this year. In recognition of the cost to mailers of ZIP Coding and the savings anticipated from this program, I am recommending that the effective date for second class and bulk-rate third class increases be delayed until January 1, 1968.

These postal rate increases will produce $700 million in postal revenues in fiscal 1968. When fully effective, they will add more than $800 million annually to postal revenues.

This legislation will provide the necessary funds for postal modernization and the proposed pay increase for postal employees. It will enable the Post Office Department to begin immediately to provide better services for all Americans:

- Faster and more efficient delivery of the mails,
- Restoration of six-day parcel post service,
- Door delivery in some residential areas now served by road-side boxes.

A BETTER GOVERNMENT

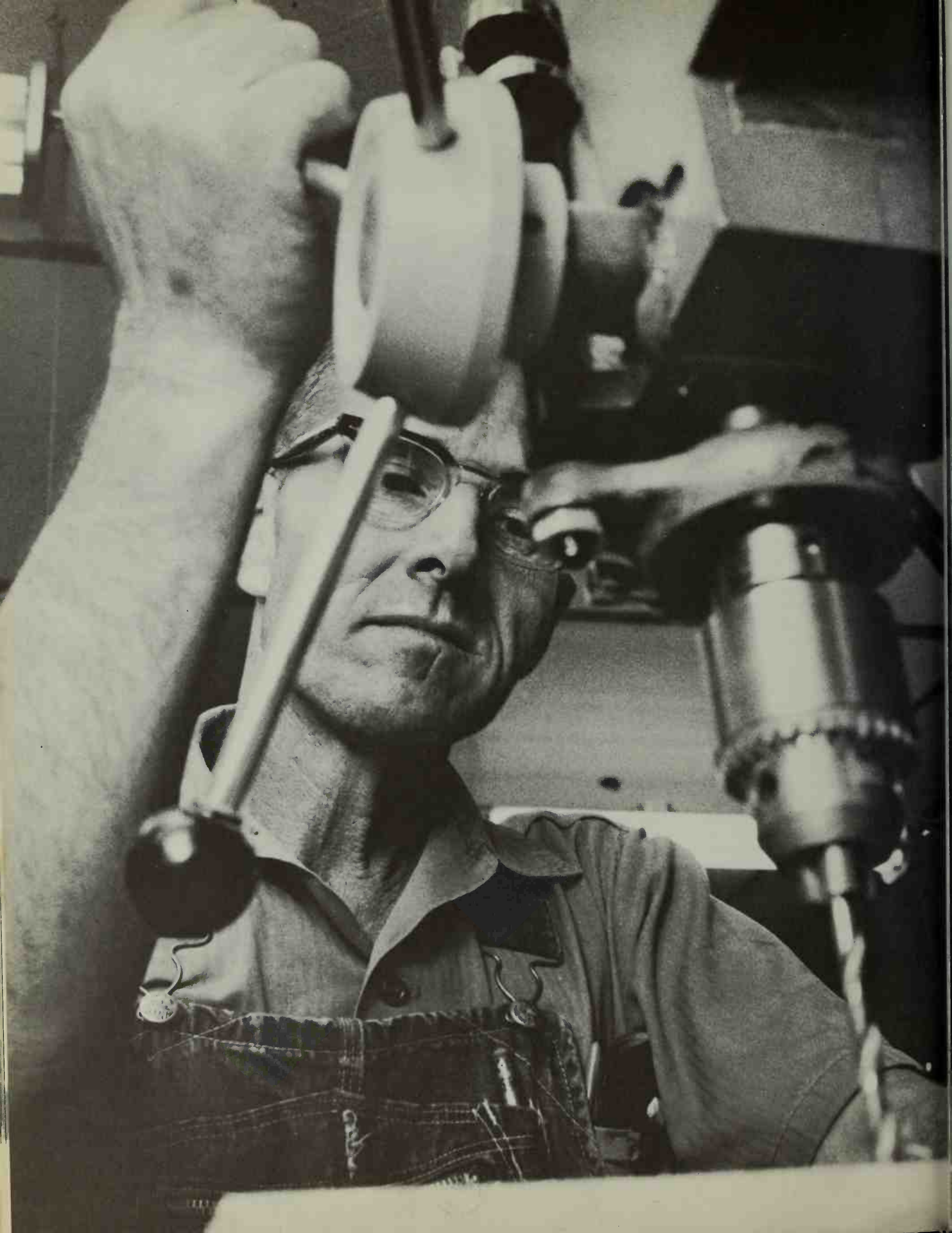
The pay and postal rate increases I recommend in this message are essential if we are to have a government of responsive and talented people and an efficient postal system.

Delay in attaining comparability beyond the effective dates I have suggested is inexcusable. To neglect—and thus impair—the public service would be far more expensive for the American people in the long run.

Delay in enacting the postal rate increases I request will hamper significantly our efforts to build a modern and efficient postal system.

The government of this nation can never be any better than the people who work for it, the tools they have, and the people whom they serve.

I urge the Congress to act promptly on these proposals to insure those who work in our government just pay for the dedication they bring to the task of serving everyone of us.



A CHANCE TO BE PRODUCTIVE

Manpower Report of the President, May 1, 1967

To the Congress of the United States:

In January 1966, fourteen young men—high school dropouts—enrolled in a Baltimore Neighborhood Youth Corps program. Eight months later, most of them had returned to school, helped by part-time work and wages received through job training.

Last February in the same city, 29 women—all on the relief rolls—graduated from a federally-sponsored course to train nurses' aides. Today they are off welfare, working in hospitals. As they help themselves and their families, they are helping the nation meet its critical shortage of health workers.

In Chicago last summer, six employment offices were set up for teenagers under the Manpower Development and Training Act—and run by the young people themselves. Through these centers, 750 young men and women got jobs. What might have been empty summers became, for them, a satisfying, productive time.

These examples of progress are the result of programs begun only a few years ago—programs which reflect the nation's commitment to a positive manpower policy.

By bringing new skills to thousands of Americans, these programs are fueling the ambitions and fulfilling the hopes of many who might otherwise have been condemned to idleness—not by choice but by lack of opportunity.

This Manpower Report to the Congress, submitted under the Manpower Development and Training Act, surveys the progress we have made in the last year. It also points up the troubling and persistent problems of unemployment in a prosperous economy—and the steps we must take to overcome those problems.

1966—A YEAR OF PROGRESS

An effective manpower policy depends on a healthy economy. In 1966, this Nation's unemployment rate dropped below 4 percent—reaching a 13-year low. Seventy-four million people were working, nearly two million more than when the year began.

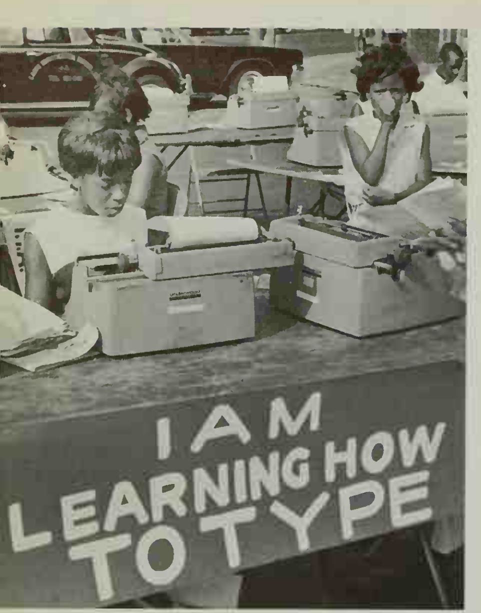
The total production of goods and services in America increased to an historic $740 billion—$58 billion more than in 1965. On the whole, jobs were paying better than ever, and were more regular and secure than they had been in many years. More than 98 percent of men in the labor force with families to support were at work. The after-tax income of American families increased, after allowing for price increases, by 3.5 percent.

This economic progress did not occur by chance. It was the achievement of business and labor. It was the result of gradually improving education. Much of it also came from careful efforts by Government to encourage and sustain economic growth—and to carry out humane and positive manpower programs.

Those efforts—even the newest of them—have been remarkably fruitful. Through the Economic Opportunity Act of 1964, the Elementary and Secondary Education Act of 1965, the Higher Education Act of 1965, the Manpower Development and Training Act of 1962, strengthened by the 1965 and 1966 amendments, and through other progressive measures, we have taken vital steps to assure opportunity to all our citizens.

By the end of last year, for example, under the Manpower Development and Training Act programs:

- About 600,000 unemployed and underemployed workers had been enrolled in training;
- Three out of four trainees who completed their classroom work had gone on to regular employment;
- Nearly nine out of ten citizens who had completed on-the-job training were gainfully employed;
- Thousands of citizens most in need of help—Negroes, Puerto Ricans, Mexican-Americans and other disadvantaged



young Americans—had received training;

- Workers by the thousands were being trained to relieve acute manpower shortages in the health fields and in a variety of other occupations.

By late 1966, under the Economic Opportunity Act:

- More than 800,000 young people had received a new start through the Neighborhood Youth Corps;
- Thousands of poor boys and girls, many who were at less than a fourth-grade literacy level, had gotten training and jobs through the Job Corps;
- 200,000 young men and women, who might have been forced to leave college because of financial difficulties, had continued their education through the College Work Study Program;
- 138,000 needy family breadwinners were given new skills through the Work Experience and Training Program.

These programs are helping more than a million Americans each year to gain the knowledge and skills needed for steady productive employment.

THE PARADOX OF PROSPERITY

Our manpower programs have accomplished much. They must be continued—and their momentum increased. For the year 1966 reminded us that expansion of the economy will not, by itself, eliminate all unemployment and underemployment.

Last year the over-all unemployment rate dropped to 3.8 percent and the rate for married men to below 2 percent, an impressively low figure. But we have no reason to be complacent. The tragedy of joblessness is not only in the *amount* of unemployment—but in the *kind* of unemployment.

- Over twelve percent of our young people aged 16 to 19 were still looking for jobs at the year's end.
- Among Negroes and other minority groups, the unemployment rate was almost double the over-all rate.
- In slums and depressed rural areas, joblessness ran close to ten percent. And one out of every three people in those areas who are or ought to be working today faces some severe employment problem.

Much of this unemployment occurred not because jobs were unavailable, but because people were unable to fill jobs, or for various reasons, unwilling to fill them.

- Often the job is in one place—but the worker in another.
- Or the job calls for a special skill—a skill the unemployed person does not have.
- The employer insists on a high school diploma—but the job seeker quit school without this qualification.
- An employer demands a "clean record"—but the applicant has a record marred by a juvenile arrest.
- A job offers one day's work a week—but the worker needs five days' pay to support his family.

All these problems have long been with us. In the past, however, they were often obscured by general unemployment: when thousands of skilled experienced workers were searching for work, scant attention was paid to the jobless high school drop-out.

Today, illuminated by prosperity, these problems stand out more clearly.

At the end of 1966, about 2.9 million workers were unemployed. But it is estimated that during the course of the year, about 10.5 million workers suffered some unemployment.

About three-quarters of the 10.5 million workers were only temporarily out of jobs—and soon found work. The young worker just entering the labor force belongs to this group; the bank teller who has left his job to seek a better one; the lathe operator who has been laid off while adjustments are made in the production schedule.

We cannot eliminate all temporary unemployment. In a free and mobile society, people must be able to change jobs and get better ones; workers must be able to leave and enter the labor force at will; and the rate of production of particular firms and industries must be free to respond to market forces.

We must seek, however, to minimize the hardships of temporary unemployment:

- By making it unnecessary for young men and women to spend long weeks job hunting after they leave school;
- By providing greater year-round opportunities to seasonal workers;
- By improving job referral services to bring jobs and workers closer together.

Our manpower programs seek to do just those things—and to reduce the waste and frustration that result from even short spells of unemployment.

But our manpower programs must do more. They must reach the workers who are unemployed for long periods and those who are frequently out of work.

Preliminary estimates from our labor force survey show that during 1966 there were 2.5 million American workers who were jobless for 15 weeks or more during the year. Of those, about 700,000 were out of work during more than half of the year. Another $^1/_2$ to 1 million *potential* workers had abandoned the search for a job, at least temporarily, and were not even counted as unemployed. Still another 500,000 unemployed were probably missed by the labor force survey. Others were employed at part-time jobs when they needed full-time work.

Some of these workers should not be in the labor force at all, including those too old or too ill to hold steady jobs. These people can be helped by improvements in our health, public assistance and social security programs.

Others in this group have the skill and experience to find and hold good jobs. They can be helped by improvements in our employment services, and by actions to reduce seasonal unemployment.

But there are many who need special manpower services before they can become fully adequate workers and earners. Precise measurement of the magnitude of the task ahead is difficult—indeed, impossible. But we can estimate that there are roughly two million potential workers who can be helped and are willing to help themselves.

These are the dropouts—young men and women who have left school with inadequate education and without skills. Lacking experience, they cannot find work; lacking work, they can never get experience.

They are older workers whose obsolete skills are useless in today's job market.

They are Negroes, Mexican-Americans, Puerto Ricans, and others barred from jobs by other people's prejudice.

They are the illiterate, the migrants, the mentally and physically handicapped, the young men rejected as unfit for military service.

This is the effort that has to be made—to reduce unemployment to the point where all that remains is the result of inevitable movements within the work force, irreducible seasonal factors, and a small number of people whose disadvantages or circumstances preclude their satisfactory employment.

The remaining problem is formidable and its solution will take time. But it is of manageable proportions.

Never before have we had so great an opportunity—or so urgent an obligation—to bring training and skills to people willing to help themselves.

These Americans need hope, not handouts. They want—and deserve—work and training, not welfare.

NEW DIRECTIONS IN MANPOWER POLICY

If we are to proceed in practical ways to assist the unemployed, we must pursue five new directions in manpower policy.

1. We Must Bridge the Gap Between Education and Work — Few nations — perhaps none—can match the achievements of our educational system. None equals the record of our economy. Yet our youth unemployment rate is the highest of any modern nation.

We pay too little attention to the two out of three young people who do not go to college and the many others who do not finish college. As citizens and supporters of public education, we should be as concerned about assisting them in their transition from school to job as we are about preparing others for college.

Too many young men and women face long and bitter months of job hunting or marginal work after leaving school. Our society has not yet established satisfactory ways to bridge the gap between school and work. If we fail to deal energetically with this problem, thousands of young people will continue to lapse into years of intermittent, unrewarding and menial labor.

Our interest in a young person should not stop when he finishes—or drops out of—school. Our concern should become even greater then. It should extend to the point at which every young person becomes self-sufficient. Any other view would not only lack humanity—it would be false economy.

Other nations have developed broad industry training and internship programs, offering education and experience to young people entering a trade or profession. Still others have established close ties between educational institutions and employment agencies at all levels.

We can profit by these examples if we:

- Build into our employment system a broader concept of apprenticeship and work experience;
- Establish in our educational programs opportunities for students to learn more about the world of work;
- Build a system in which education and work experience are brought together to provide the kind of preparation that fits the needs of our society.

To achieve these ends, I am directing the Secretary of Labor and the Secretary of Health, Education, and Welfare to make a thorough study of the relation-

ship between our educational programs and our manpower programs, between learning and earning in America. By more closely relating the two we can reduce the high unemployment rate among young Americans.

In this task, the Secretaries will consult state education and employment agencies, local boards of education, business and labor leaders, and the special Committee on Administration of Training Programs which Congress recently authorized. They will also review such related problems as the difference between laws relating to the school-leaving age and those governing the age for entering certain occupations, and any applications of minimum wage agreements, laws or practices which inhibit experimentation in adding a work content to educational programs.

2. We Must Concentrate Our Efforts—Six years ago, general unemployment plagued the country. Nearly seven percent of our workers could not find jobs. Every state and almost every city suffered. The situation was far worse in slums and depressed rural areas than in the suburbs—but unemployment was so widespread that it had to be fought everywhere.

The nation's employment map shows 150 major labor areas. In March and April of 1961, unemployment in 101 of these areas exceeded 6 percent. At the end of 1963, 38 of these 150 areas still suffered high unemployment.

By the end of 1966, only eight of the major labor areas had an unemployment rate above six percent. An expanding economy, strengthened educational programs and public and private manpower training efforts, had created jobs and trained men to fill them.

But two million Americans needing employment assistance still remained—Americans who could be helped and who were willing to help themselves. Education, training, swift economic advances somehow had passed them by.

Last year, to develop a body of detailed information about these unemployed citizens and their problems the Secretary of Labor surveyed unemployment in selected slums throughout the country.

This survey concluded that:

- Unemployment in the city slums is three times higher than the national average.
- One out of three potential workers in those areas is not adequately employed—including those who could be working but are not; those who are working part-time but want full-time jobs, and those who are working full-time but earning substandard wages.

The results of this study show not only where the unemployed are but why they are jobless. The study concluded that despite the spectacular growth of our economy, despite improvements in the human and social conditions of American life, the unemployment rate in many of these depressed areas is as high as it was six years ago.

To the extent that the remaining unemployment is concentrated in these areas, our programs also must be concentrated. To scatter our effort now is to waste it.

I have asked Congress to provide an additional $135 million in fiscal 1968 under the Economic Opportunity Act for a new manpower program to provide special assistance to our most disadvantaged citizens.

With these funds, we can:

- Focus our services more sharply upon areas and individuals in greatest need.
- Tailor these services to the requirements of each individual—counseling, health services, training, and follow-up assistance on a case-by-case basis.
- Enlist the support of local business and labor organizations—the key to any successful employment program.

But the need was too urgent to permit delay. Accordingly, *I asked the Secretary of Labor and the Director of the Office of Economic Opportunity, in cooperation with the heads of other Federal agencies, to begin this special manpower program immediately with all available resources.*

Our manpower programs also must be specially aimed at two other groups: seasonally employed workers and the handicapped.

Thousands of seasonally employed workers lead hard, uncertain lives. For them, employment is determined not by their abilities or opportunities but by the calendar. Among them are construction workers and hired farm laborers—especially migrant farm workers, who pick a meager living from the soil, "traveling everywhere but living nowhere."

To help these workers, I have asked the Secretary of Labor in cooperation with the Secretary of Agriculture and the Acting Secretary of Commerce to make a detailed survey of seasonal unemployment and underemployment—and to find ways to deal with these problems.

This study should seek methods by which Federal, state and local governments, through their contracting procedures and other activities, can reduce seasonal lags in employment, especially in the construction industry. It should explore the feasibility of a migrant manpower corporation and other ways to help regularize the employment of hired farm workers, particularly migratory farm workers.

For thousands of mentally and physically handicapped Americans, employment has too long been considered an exclusive concern of "charity." Yet, we know that many handicapped citizens can learn important skills, and can become effective workers.

I am directing the Secretary of Labor and the Secretary of Health, Education, and Welfare to explore additional ways in which business, industry and government can provide more meaningful employment opportunities to handicapped citizens.

3. We Must Make Our Overall Manpower Effort More Efficient—Our major commitment to an affirmative manpower policy is relatively recent. Many of our manpower programs are new, and we are still building the machinery to carry them out. By a combination of law and delegation of authority, the Department of Labor has primary operating responsibility for manpower programs.

But the problems of manpower development cut across organizational lines. They are closely intertwined with problems of social, economic and educational development. Accordingly, the Department of Labor has established close working ties with the Department of Health, Education, and Welfare, Office of Economic Opportunity and other Federal agencies having responsibilities in these areas.

Perhaps, the most important of these new working ties is the recent delegation of several OEO adult work and training programs to the Department of Labor. These arrangements link the Labor Department's responsibility in the manpower area with OEO's responsibility for coordinating anti-poverty programs. They provide local initiative by the carrying out of local programs through Community Action Agencies wherever this is practicable.

We are working to strengthen those ties: to centralize, consolidate and streamline our operations.

The task of manpower development, of course, cannot be a Federal task alone. Recognizing this, we are placing greater emphasis on on-the-job training programs conducted by private employers.

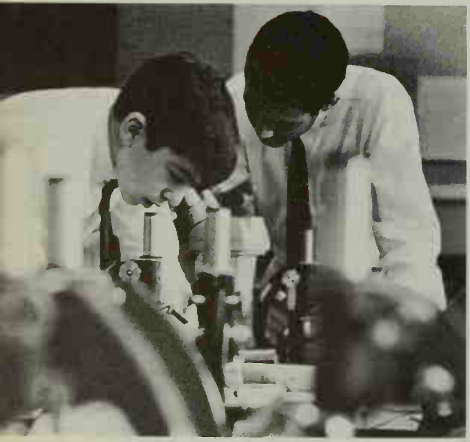
As the demand increases for workers with special skills, we should take positive steps particularly to encourage private job training efforts:

First: We must obtain reliable information on which to base our plans. I have asked Congress to provide funds for a systematic study by the Secretary of Labor to answer these questions: What public and private job training programs are now available? Whom do they serve? What needs remain unmet?

Second: I am directing the Secretary of Labor and the Acting Secretary of Commerce, in cooperation with other Federal agencies, to establish a Task Force on Occupational Training. This task force, with members drawn from business, labor, agriculture and the general public, will survey training programs operated by private industry, and will recommend ways that the Federal Government can promote and assist private training programs.

Third: I have recommended that Congress provide an additional $5.6 million to enable the Secretary of Labor to aid private industry in experimental projects providing a wide range of services and training to seriously disadvantaged workers.

Fourth: I am asking the Secretaries of Labor and Agriculture to conduct a study to determine both short-term and future manpower needs and the supply of workers in rural America. With this information, we will be able to plan to meet the needs of our workers and of our rural economy.



4. We Must Make Military Service a Path to Productive Careers—Members of the Armed Forces have an opportunity to perform vital military service. They can also acquire knowledge and experience to prepare them for civilian careers after their service.

In fiscal 1966, 750,000 servicemen completed specialized training programs. In almost 2,000 different courses, from automobile repair to aerospace technology, these young citizens have gained skills and experience which help them to obtain civilian jobs.

The Armed Services have also made educational growth possible for thousands of servicemen through the U.S. Armed Forces Institute and other educational programs. Nearly 80,000 servicemen earned the equivalent of a high school diploma last year.

In addition, the Secretary of Defense has launched "Project 100,000" to accept and train thousands of young men who were previously rejected as unfit for military service. Under this program, 40,000 young men are joining the Armed Forces this year. 100,000 will join next year. All will receive specialized training to help them become good soldiers —and later, productive citizens.

There are, of course, some military specialists whose training does not lead directly to civilian employment.

To help them, I have asked the Secretary of Defense to make available, to the maximum extent possible, in-service training and educational opportunities which will increase their chances for employment in civilian life.

5. We Must Work Toward a More Comprehensive Manpower Program—If our manpower programs are to reach as many workers as they must, we should strengthen the Federal-State employment service so that it can improve job placement, provide better training and job information, and offer guidance and counseling to all those who need these vital services.

A sound economic and manpower policy also requires effective measures for maintaining the income of the worker and his family when working patterns change.

I urge the Congress to amend the unemployment insurance laws to provide training, guidance, or other services in conjunction with extended benefits to the long-term unemployed. I urge Congress also to extend the protection of the system to additional workers, to establish a more realistic level of benefits, and to correct the abuses which occur within the present system.

Along with the improvements I have proposed in the Social Security system and our public assistance programs, these steps will enhance the lives of millions of poor families and give them incentives to improve their education and their job potential. Further, I have proposed under the Economic Opportunity Act that Job Corpsmen, Neighborhood Youth Corpsmen and others engaged in work and training under that Act should be given greater incentives to work, by allowing them to earn more without a corresponding loss of welfare assistance to their families.

Our economic system must have adequate "manpower"—but manpower is not enough. The economic system is a means. Its end is the individual.

To better serve the deeper purpose of our manpower programs, we must seek answers to the most fundamental questions about unemployment.

I therefore urge the Congress to provide $20 million for a special census of 3 million households in America.

Among other data, this population census will give us vitally needed manpower information about unemployed Americans. It will provide for us a more complete profile of the jobless worker. Where does he live? How much education and training does he have? What are his health and economic problems? What other obstacles must be overcome to find and hold a job?

CONCLUSION

We know that a vigorous economy and an effective educational system are the bedrock of an effective manpower policy.

Our economy is healthy, and our unemployment rate is low. We work with constant vigilance to keep that rate low.

The eighteen landmark educational measures I proposed and you in the Congress enacted are symbols of our belief that education is the most important investment we can make in the nation's future.

Thus, on these foundations—a thriving economy and educational progress—we can shape our manpower policies to:

- Prevent the misuse, and non-use, of our youth.
- Meet squarely the problems of the two million Americans who need employment assistance and who stand ready to help themselves.
- Meet the needs of a burgeoning economy for skilled workers.
- Help workers with special employment problems—the handicapped, the migrant worker, the Armed Services rejectee.
- Bring workers to jobs as well as jobs to workers.
- Develop a closer partnership with business and private agencies.

We are heartened by the progress of our manpower programs over the past years. This progress is not material for bold headlines: quiet victories seldom are.

One man's struggle to improve himself, to learn new skills and discard old habits, is deeply personal and often painful.

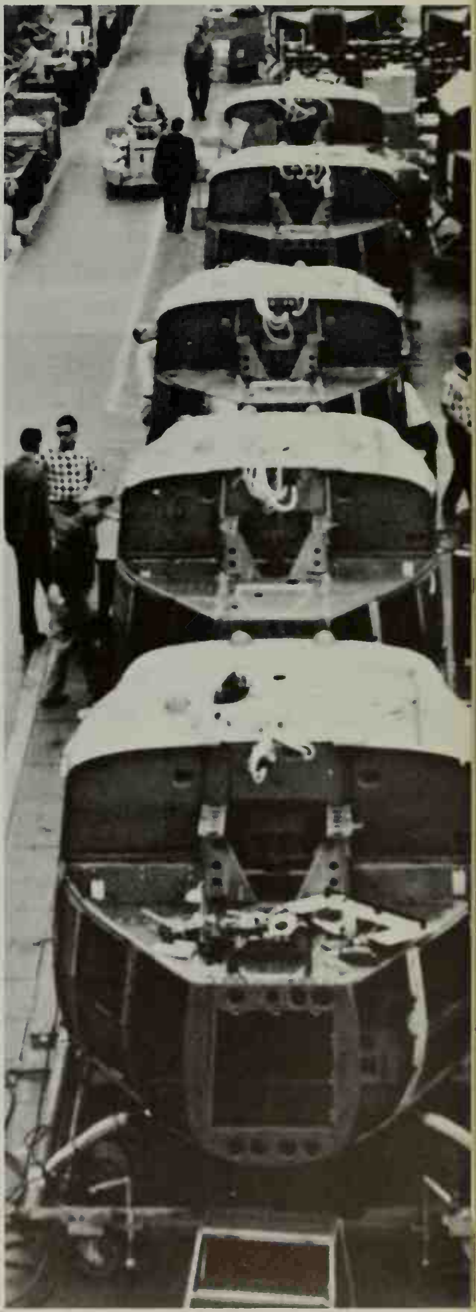
But each day victories are being won —in dozens of Neighborhood Youth Centers, in scores of Job Corps Camps, in thousands of training projects under the Manpower Development and Training Act.

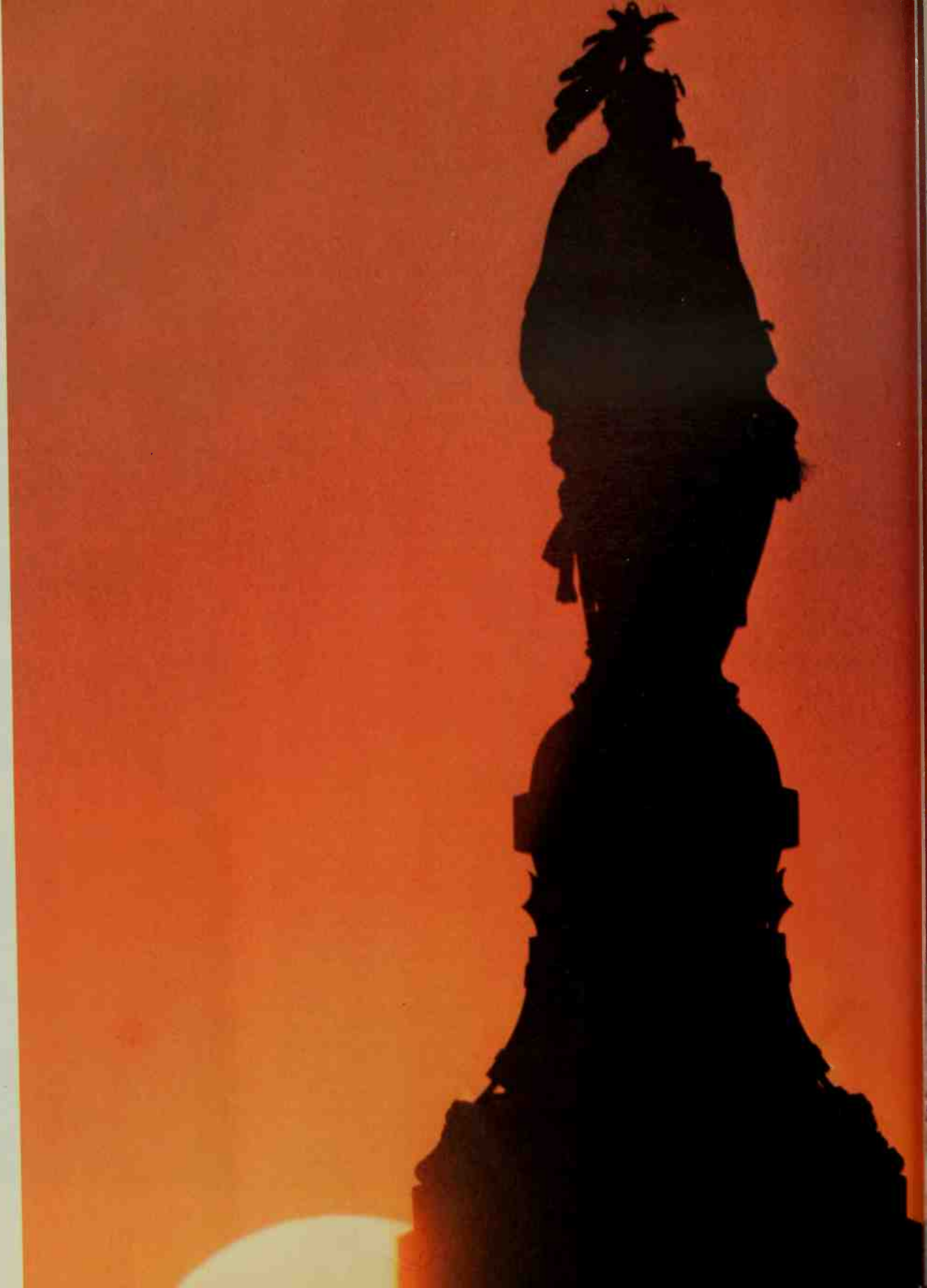
Often our progress is measured not by what happened but by what has been avoided. The high school dropout whose name might have been recorded on a police blotter—but was not because he learned a skill and got a good job. The father of five who might have waited in line for his relief check—but did not because he was trained and went on to steady employment.

The yardstick we must use is not what we have accomplished in the past—but what we must do in the future.

We will do our best. We will try and try again. We will never lose sight of our goal—to guarantee to every man an opportunity to unlock his own potential; to earn the satisfaction of standing on his own two feet.

Our goal, in short, is to offer to every citizen one of the greatest blessings: a sure sense of his own usefulness.





THE ESSENCE OF DEMOCRACY

Message on The Political Process in America, May 25, 1967

To the Congress of the United States:

INTRODUCTION

Public participation in the processes of government is the essence of democracy. Public confidence in those processes strengthens democracy.

No Government can long survive which does not fuse the public will to the institutions which serve it. The American system has endured for almost two centuries because the people have involved themselves in the work of their Government, with full faith in the meaning of that involvement.

But Government itself has the continuing obligation—second to no other—to keep the machinery of public participation functioning smoothly and to improve it where necessary so that democracy remains a vital and vibrant institution.

It is in the spirit of that obligation that I send this message to the Congress today. I propose a five-point program to:

- Reform our campaign financing laws to assure full disclosure of contributions and expenses, to place realistic limits on contributions, and to remove the meaningless and ineffective ceilings on campaign expenditures.
- Provide a system of public financing for Presidential election campaigns.
- Broaden the base of public support for election campaigns, by exploring ways to encourage and stimulate small contributions.
- Close the loopholes in the Federal laws regulating lobbying.
- Assure the right to vote for millions of Americans who change their residences.

THE ELECTION REFORM ACT OF 1967

In our democracy, politics is the instrument which sustains our institutions and keeps them strong and free.

The laws which govern political activity should be constantly reviewed—and reshaped when necessary—to preserve the essential health and vitality of the political process which is so fundamental to our way of life.

In my 1966 State of the Union message I called attention to the need for a basic reform of the laws governing political campaigns in these words:

> ". . . I will submit legislation to revise the present unrealistic restrictions on contributions—to prohibit the endless proliferation of committees, bringing local and state committees under the act—and to attach strong teeth and severe penalties to the requirement of full disclosure of contributions. . . ."

A year ago this month, I submitted my proposals to the Congress in the Election Reform Act of 1966.

That measure reflected my concern, as one who has been involved in the process of elective Government for over three decades, that the laws dealing with election campaigns have not kept pace with the times.

The Federal Corrupt Practices Act was passed 42 years ago. The Hatch Act was passed 27 years ago. Inadequate in their scope when enacted, they are now obsolete. More loophole than law, they invite evasion and circumvention.

A sweeping overhaul of the laws governing election campaigns should no longer be delayed.

Basic reform—with an emphasis on clear and straightforward disclosure—is essential to insure public confidence and involvement in the political process. On the cornerstone of disclosure we can build toward further reform—by charting new ways to broaden the base of financial support for candidates and parties in election campaigns.

I again ask the Congress to take positive action in this field as we work together to ensure continued and increased public confidence in the elective process.

I recommend the Election Reform Act of 1967 to correct omissions, loopholes, and shortcomings in the present campaign laws.

This Act embodies many of the same positive measures I proposed last May. Last October, after hearings, the Subcommittee on Elections of the Committee on House Administration reported out substantially the bill I proposed "favorably and with bipartisan support." The Subcommittee Report called those measures "a vast improvement over existing law."

Full Public Disclosure—The heart of basic reform is full disclosure. This measure would, for the first time, make effective the past efforts of the Congress and the Executive to achieve full disclosure of political campaign funds.

Complete disclosure will open to public view where campaign money comes from and how it is spent. Such disclosure will help dispel the growth of public skepticism which surrounds the present methods of financing political campaigns.

Full disclosure efforts are frustrated today by gaps in the law through which have passed an endless stream of national, state and local political committees.

To insure full disclosure, I recommend that:

- Every candidate, including those for the Presidency and Vice Presidency, and every committee, state, interstate, and national, that supports a candidate for federal office be required to report on every contribution, loan and expense item over $100.
- Primaries and convention nomination contests be brought within the disclosure laws.

Effective Ceilings on the Size of Contributions—Closely related to full disclosure—the basic step in any election reform—is another equally demanding task. It requires that we make political financing more democratic by recognizing that great wealth—in reality or appearance—could be used to achieve undue political influence.

Current law limits to $5,000 contributions to a single candidate for federal office or contributions to any national political committee supporting a candidate.

But the law does not prohibit an individual from making a $5,000 contribution to each of several national committees supporting a candidate or party —and there is no limit to the number of such committees. Moreover, state and local political committees are not even covered by existing law.

I recommend that a $5,000 limit be placed on the total amount that could come from any individual, his wife or minor children, to the campaign of any candidate.

Repeal of Artificial Limits of Campaign Expenses—With full disclosure and an effective ceiling on contributions we can move forward to cure another defect in our election campaign laws—the artificial limits on campaign expenditures.

Under present law, for example:

- National political committees can raise and spend no more than $3 million. But the law does not limit the number of national committees.
- Senate candidates are limited to expenses of $25,000 and House candidates to $5,000. But the law does not limit the number of committees that can spend and raise money on the candidate's behalf.

These legal ceilings on expenditures were enacted many years ago, when the potential of radio in a campaign was virtually unknown and when television did not exist. They are totally unrealistic and inadequate. They have led to the endless proliferation of political committees.

I therefore recommend a repeal of the present arbitrary limits on the total expenditures of candidates for federal office.

Barring Political Contributions by Government Contractors—Present law prohibits corporations and labor organizations from making contributions to campaigns for federal office.

But there is an anomaly which must be corrected in the law relating to contractors with the Federal Government.

Non-corporate Government contractors are now prohibited from making political contributions at all levels of government—federal, state and local.

The bar on corporations with government contracts, however, extends only to political contributions at the federal level. These corporations are free to make political contributions at the state and local levels where finances are often intertwined with national political campaigns.

In the interests of consistency and good sense, I recommend that corporations holding contracts with the Federal Government also be prohibited from making political contributions at the state and local level.

Enforcement—To insure that these reforms are strictly enforced, the Election Reform Act of 1967 would provide criminal penalties for violations of the law.

CAMPAIGN FINANCING

The proposed Election Reform Act of 1967 is corrective, remedying present inadequacies in the law. It goes hand in hand with the pursuit of another goal —to provide public support for election campaigns.

The Background—Democracy rests on the voice of the people. Whatever blunts the clear expression of that voice is a threat to democratic government.

In this century one phenomenon in particular poses such a threat—the soaring costs of political campaigns.

Historically, candidates for public office in this country have always relied upon private contributions to finance their campaigns.

But in the last few decades, technology—which has changed so much of our national life—has modified the nature of political campaigning as well. Radio, television, and the airplane have brought sweeping new dimensions and costs to the concept of political candidacy.

In many ways these changes have worked to the decided advantage of the American people. They have served to bring the candidates and the issues be-

fore virtually every voting citizen. They have contributed immeasurably to the political education of the nation.

In another way, however, they have worked to the opposite effect by increasing the costs of campaigning to spectacular proportions. Costs of such magnitude can have serious consequences for our democracy:

- More and more, men and women of limited means may refrain from running for public office. Private wealth increasingly becomes an artificial and unrealistic arbiter of qualifications, and the source of public leadership is thus severely narrowed.
- Increases in the size of individual contributions create uneasiness in the minds of the public. Actually, the exercise of undue influence occurs infrequently. Nonetheless, the circumstance in which a candidate is obligated to rely on sizable contributions easily creates the impression that influence is at work. This impression — however unfounded it might be—is itself intolerable, for it erodes public confidence in the democratic order.
- The necessity of acquiring substantial funds to finance campaigns diverts a candidate's attention from his public obligations and detracts from his energetic exposition of the issues.
- The growing importance of large contributions serves to deter the search for small ones, and thus effectively narrows the base of financial support. This is exactly the opposite of what a democratic society should strive to achieve.

It is extremely difficult to devise a program which completely eliminates these undesirable consequences without inhibiting robust campaigning and the freedom of every American fully to participate in the elective process. I believe that our ultimate goal should be to finance the total expense for this vital function of our democracy with public funds, and to prohibit the use or acceptance of money from private sources. We have virtually no experience upon which to base such a program. Its risks and uncertainties are formidable. I believe, however, that we are ready to make a beginning. We should proceed with all prudent speed to enact those parts of such a program which appear to be feasible at this time.

PRESIDENTIAL CAMPAIGNS

The Problem—The election of a President is the highest expression of the free choice of the American people. It is the most visible level of politics—and also the most expensive.

For their free choice to be exercised wisely, the people must be fully informed about the opposing candidates and issues. To achieve this, candidates and parties must have the funds to bring their platforms and programs to the people.

Yet, as we have seen, the costs of campaigning are skyrocketing. This imposes extreme and heavy financial burdens on party and candidate alike, creating a potential for danger—the possibility that men of great wealth could achieve undue political influence through large contributions.

In recognition of this problem, the Congress last year enacted the Presidential Election Campaign Fund Act. By so doing, it adopted the central concept that some form of public financing of Presidential campaigns would serve the public interest.

I did not submit or recommend this legislation. It was the creation and the product of the Congress in 1966. As you will recall, it was added as an amendment to other essential legislation. When I signed that Act into law last November, I observed that "it breaks new ground in the financing of Presidential election campaigns" and that the "new law is only a beginning." It was my belief then, as it is now, that the complex issues involved in this new concept required extensive discussion and penetrating analysis.

Over the past six weeks, we have heard men of deep principle and firm conviction engage in a spirited and searching debate on the law. While there were honest and vigorous disagreements, they were voiced by those who share a common faith in the free ideals which are the bedrock of our democracy.

The Issues—The course of the debate has illuminated many of the issues which underlie the matter of Presidential campaign financing. For example:

- In what amount should Federal funds be provided for these campaigns?
- What limitations should be placed on the use of these funds?
- Should there be a complete bar on the use of private contributions for those aspects of campaign financing which would be regularly provided through appropriations?
- Can the availability of public funds result in an undue concentration of power in National Political Committees. If so, what steps can be taken to prevent it?
- Is the tax check-off method a sound approach or is a direct appropriation to be preferred?
- How can equitable treatment of minor parties be assured?
- What sanctions would be most effective to insure compliance with the law?
- Whatever the ultimate formula, how can we preserve the independence, spirit and spontaneity that has hallmarked American political enterprise through the years?

The Recommendations—Against this backdrop of concern for the political process, the protection of the public interest, and the issues that have been raised, I make these eleven recommendations to improve and strengthen the Presidential Election Campaign Fund Act:

1. *Funds to finance Presidential campaigns should be provided by direct Congressional appropriation, rather than determined by individual tax check-offs.*

This approach would:

—Provide the opportunity for Congress to make a realistic assessment, and express its judgment, of what it would cost Presidential candidates or parties to carry their views to the voters. This assessment should consider the recommendations of the special Advisory Board to the Comptroller General, created under the Presidential Election Campaign Fund Act. The Board consists of representatives of both major political parties. Based on this review and recommendation, Congress could then appropriate the necessary funds.

—Make the amount appropriated for the campaign fund more stable, by removing its uncertain reliance on tax check-offs, whose numbers might bear no reasonable relationship to the amount required to bring the issues before the public.

2. *The funds should be used only for expenses which are needed to bring the issues before the public.*

Under the procedure I recommend:

—The funds so appropriated would be used to reimburse specified expenditures incurred during the Presidential election campaign itself, after the parties have selected their candidate.

—The amount appropriated should be adequate to defray key items of expense to carry a campaign to the public and thus be limited to the following items: radio and television, newspaper and periodical advertising, the preparation and distribution of campaign literature, and travel.

—The amount of the fund for the major parties as finally determined by the Congress, would be divided equally between them.

3. *Private contributions for major parties could not be used for those items of expense to which public funds could be applied.*

Private contributions, however, could be used to defray the costs of other campaign expenses. These would include the salaries of campaign workers, overhead, research and polls, telegraph and telephone, postage and administrative expenses.

Citizens who want to make contributions to the party or candidate of their choice will be free to do so. Party workers at the grass roots will be able to pursue their neighborhood activities, a responsibility which is deeply woven into the fabric of American political tradition.

But under the measures I have proposed, the major burden of raising money for soaring campaign costs will be lifted from a Presidential candidate's shoulders. No longer will we have to rely on the large contributions of wealthy and powerful interests.

4. *A "major party" should be defined as one which received 25% or more of the popular votes cast in the last election.*

A percentage-of-votes test is more realistic than the fixed number of votes (15 million) now in the present law. It recognizes our growing population with more Americans entering the voting ranks each year.

5. *A "minor party" should be defined as one which received between 5% and 25% of the popular votes cast in the current election.*

For the same reasons I described above, the eligibility test for Federal support should not be based on a fixed number of votes (5 million for "minor parties" in the current law), but rather on the percentage of votes received.

Third party movements can support the rich diversity of American political life. At the same time some reasonable limitations should be developed so that Federal financial incentives are not made available to parties lacking a modicum of public support—or created solely to receive Government funds.

Under this proposal, "minor parties" would receive payments based on the number of votes they receive in the current election. The payment for each vote received by a minor party would then be determined so as to be the equivalent of that made to the major parties.

For example, assume that two major parties received a total of 80 million votes in a prior election, and Congress had appropriated a $40 million campaign fund for those two parties. Although the major parties would share equally in that fund ($20 million each), the allocation would amount to 50 cents per vote cast for those parties. Using the 50 cents per vote as the guideline, a minor party receiving 5 million votes in the current election would be entitled to $2.5 million for its recognized campaign expenses.

6. *A "minor party" should be eligible for reimbursement promptly following an election.*

A "minor party" should be able to qualify promptly for federal funds, based on its showing in the current election, rather than waiting four years until the next election. This added source of funds should enhance a minor party's opportunity to bring its programs and platforms into the public arena.

7. *The percentage of federal funds received by a major or minor party which could be used in any one state should be limited to 140 percent of the percentage the population of that state bears to the population of the country.*

This would prevent the concentration of funds in any particular State and would minimize the ability of national party officials to reduce the role and effectiveness of local political organizations. At the same time, it would retain the flexibility necessary to carry a party's programs to the public. The Comptroller General should be empowered to issue rules for the equitable allocation, on a geographic basis, for national campaign expenses, such as network television.

8. *The Comptroller General should be required to make a full report to the Congress as soon as practicable after each Presidential election.*

This report should include:

—payments made to each party from the fund;

—expenses incurred by each party;

—any misuse of the funds.

9. *The Comptroller General should be given clear authority to audit the expenses of Presidential campaigns.*

It is imperative that the strictest controls be exercised to safeguard the public interest. The General Accounting Office is the arm of the Government which I believe is best suited to monitor the expenditures of the fund.

Payments from the fund would be made only upon the submission of certified vouchers to the Comptroller General.

If the Comptroller General's audit reveals any improper use of funds, the following sanctions would be applied:

—the amounts involved would have to be repaid to the Treasury; and

—if the misuse is willful, a penalty of up to 50 percent of the amount involved would be imposed.

10. *To bring greater wisdom and experience to the administration of the act,*

the Comptroller General's special Advisory Board on the Presidential Election Campaign Fund should be expanded from 7 to 11 members.

This Advisory Board is faced with a heavy and demanding task. It must "counsel and assist" the Comptroller General in the performance of his duties under the Act.

The membership of the Board now consists of two members from each major political party and three additional members. I recommend that the Board be enlarged to encompass the wisdom and experience of 4 distinguished Americans:

—The Majority Leader of the Senate
—The Minority Leader of the Senate
—The Speaker of the House of Representatives
—The Minority Leader of the House

11. *Criminal penalties should be applied for the willful misuse of payments received under the Act by any person with custody of the funds.*

The penalties should be a fine of not more than $10,000, or 5 years imprisonment, or both. Criminal penalties would also be applied against any person who makes a false claim or statement for the purpose of obtaining funds under the Act.

OTHER CAMPAIGN FINANCING

We should also seek ways to provide some form of public support for Congressional, state and local political primaries and campaigns.

Here, the need is no less acute than at the Presidential level. But the problems involved are as complex as the elections themselves, which vary from district to district and contest to contest.

Because the uncertainties in this area are so very great, and because the issues have not received the benefit of the extensive debate that has characterized Presidential campaign financing, I pose for your consideration and exploration a series of alternatives.

In 1961, President Kennedy appointed a distinguished, bipartisan Commission on Campaign Costs to take a fresh look at the problems of financing election campaigns. Although the Commission devoted its attention to the problems of campaign costs for Presidential and Vice Presidential candidates, it pointed out that the measures proposed "would have a desirable effect on all political fund raising."

The Commission's 1962 report and recommendations were endorsed by Presidents Dwight D. Eisenhower and Harry S. Truman as well as leading Presidential candidates in recent elections.

Based on the Commission's recommendations and the later reviews and studies of campaign financing, there are several alternatives which should be considered. These alternatives all involve public financing of campaigns to a greater or lesser extent. Among them are:

- A system of direct appropriations, patterned after the recommendations made herein for Presidential campaigns, or modeled after recommendations pending in the Congress.
- A tax credit against federal income tax for 50 percent of contributions, up to a maximum credit of $10 per year.
- A matching incentive plan in which the government would contribute an amount up to $10 for an equal amount contributed by a citizen, whether or not a taxpayer, to a candidate or committee.
- A "voucher plan" in which Treasury certificates for small amounts could be mailed to citizens who, in turn, would send them to candidates or committees of their choice. These vouchers could then be redeemed from public funds, and the funds used to defray specified campaign expenditures.

I believe these deserve serious attention along with other proposals previously recommended and suggested to the Congress. Each alternative offers particular advantages. Thorough review may reveal that one is to be clearly preferred over the others, or that still other courses of action are appropriate. Whatever the outcome, any such review should reflect a realistic assessment of the amount of funds needed in these campaigns and the extent to which the funds should be provided by public means.

I recommend that Congress undertake such a review.

I have asked the Secretary of the Treasury and the Attorney General to cooperate fully with the Congress in its exploration of these alternatives in order to give all the help the Executive Branch can to the Congress as it seeks the best congressional election campaign financing program.

* * * * * * *

These recommendations represent my thoughts on the issues at stake. I believe they highlight the problems in an area so new and complex that there is little experience in our national life to guide us.

I hope that these proposals will serve as guidelines for discussion and debate in the coming weeks. A penetrating and orderly review of these vital public issues, with all the wisdom that the Congress can summon, will in itself be an important educational process for the Nation in the art of government and politics.

I hope that Congress will proceed to consider promptly the problem of campaign financing and will enact appropriate legislation.

I make no recommendation as to the effective date with respect to such legislation. I leave that entirely to the judgment and wisdom of the Congress. I have no desire to ask that the provisions be made applicable to any campaign in which I may be involved. On the other hand, I have no desire to request that any such campaign be exempted from modernizing legislation which Congress might enact.

Public financing of political campaigns presents the American people with an issue that is both significant and complex—departing as it does from the familiar practices of the past. It transcends partisan political considerations. I urge the American people and the Congress to consider this issue thoughtfully, on its merits, and on the highest and most objective plane, independent of any personalities now in office or seeking office.

STRENGTHENING FEDERAL REGULATION OF LOBBYING

Full disclosure can serve the integrity of government in another important area—the regulation of lobbying.

Lobbying dates back to the earliest days of our Republic. It is based on the constitutionally guaranteed right of the people to petition their elected representatives for a redress of grievances.

Yet to realize the American ideal of Government, our elected representatives must be able to evaluate the varied pressures to which they are regularly subjected. In 1946, Congress responded to this need by enacting the Federal Regulation of Lobbying Act. Its purpose was not to curtail lobbying but to regulate it through disclosure. For the first time, individuals and groups who directly attempted to influence legislation were required to register.

More than twenty years of experience with the Act have highlighted its flaws. Through loopholes in the law, immune from its registration provisions, have passed some of the most powerful, best financed and best organized lobbies. Although engaged in constant and intensive lobbying, they are not legally required to disclose their existence—because lobbying is not their "principal" purpose, the narrow test under current law.

The Congress has properly taken the initiative to meet this problem. Two months ago, the Senate passed S. 355 by a decisive vote. In that measure, Federal regulation of lobbying has been strengthened by:

- Supplanting the "principal purpose" test with the broader test of "substantial purpose," thus extending the reach of the Act by a wider definition of those required to register.
- Transferring the responsibility for administration of the law from the Clerk of the House and the Secretary of the Senate to the Comptroller General.

I strongly endorse the Senate's action in strengthening Federal regulation of lobbying as an important step toward better Government, and I urge the House to take similar action.

THE RESIDENCY VOTING ACT OF 1967

Voting is the first duty of democracy. H. G. Wells called it, "Democracy's ceremonial, its feast, its great function."

This Nation has already assured that no man can legally be denied the right to vote because of the color of his skin or his economic condition. But we find that millions of Americans are still disenfranchised—because they have moved their residence from one locality to another.

Mobility is one of the attributes of a free society, and increasingly a chief characteristic of our Nation in the 20th Century. More American citizens than ever before move in search of new jobs and better opportunities.

For a mobile society, election laws which impose unduly long residence requirements are obsolete. They serve only to create a new class of disenfranchised Americans.

An analysis of the 1960 election, the last election for which studies are available, shows that between 5 and 8 million otherwise eligible voters were deprived of the right to vote because of unnecessarily long residency requirements in many of the States. Almost half the States, for example, through laws a century old, require a citizen to be a resident a full 12 months before he can vote even in a Presidential election.

These requirements diminish democracy. The people's rights to travel freely from State to State is constitutionally protected. The exercise of that right should not imperil the loss of another constitutionally protected right — the right to vote.

I propose the Residency Voting Act of 1967 which provides that a citizen, otherwise qualified to vote under the laws of a State, may not be denied his vote in a Presidential election if he becomes a resident of the State by the first day of September preceding the election.

CONCLUSION

Seventy years ago, the great American historian Frederick Jackson Turner wrote these words:

> "Behind institutions, behind constitutional forms and modifications, lie the vital forces that call these organs into life and shape them to meet changing conditions. The peculiarity of American institutions is the fact that they have been compelled to adapt themselves to the changes of an expanding people. . . ."

This represents a valid exposition of the vitality of our democratic process as it has endured for almost two hundred years.

Over those two centuries Presidents and Congresses have strengthened that process as changing circumstances presented the clear need to do so. History has spared few generations that continuing obligation.

Today, that obligation poses for us the requirement—and the opportunity as well—to bring new strength to the processes which underlie our free institutions.

It is in keeping with this obligation that I submit the proposals in this Message.

Lyndon B. Johnson

MAY 31 1968

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